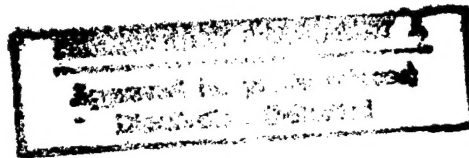


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# China Report

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## CHINA REPORT ECONOMIC AFFAIRS

No. 239

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## NATIONAL POLICY AND ISSUES

### FOCAL POINT OF REORGANIZATION

HK290445 Beijing JINGJI GUANLI in Chinese No. 4, 15 Apr 82 pp 14-19

[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization of Enterprises is a Constructive Reorganization"--passages within slantlines denote boldface as published]

[Text] //II. Pay Close Attention to the Present Five Tasks With the Improvement of the Economic Responsibility System as the Focal Point//

Overall reorganization of enterprises is a constructive reorganization. It is necessary to fulfill the "6-good requirements" through the "3-items of construction." This is a task which will be accomplished within a longer period of 1 to 2 or 2 to 3 years. At present, which tasks should we start with?

In the overall reorganization of enterprises, managing the various tasks of enterprises in an overall manner is multifaceted. However, managing the various tasks of enterprises in an overall manner does not mean, in a certain period of time, undertaking all tasks at once and launching an attack on all fronts regardless of priorities. All enterprises must, in the light of their own specific conditions, work out a reorganization plan by taking the overall situation into account--a plan which pays attention to the principle of priority and importance and proceeds from one point to another. As for the question of where the overall reorganization should be begun, every enterprise is allowed to carry it out in its own way. It is not necessary to impose uniformity on all enterprises.

The CCP Central Committee and the State Council have called for immediate attention to be paid in the overall reorganization to the following five tasks: First, reorganizing and perfecting the economic responsibility system and improving the operation and management of enterprises; second, reorganizing and strengthening work discipline and strictly enforcing regulations concerning rewards and disciplinary action; third, reorganizing financial and economic discipline and improving financial and accounting rules and regulations; fourth, reorganizing work units and systematically training all staff and workers; and fifth, reorganizing and building leading bodies and intensifying the ideological and political education among the staff and workers. These five tasks summarize the problems which widely

exist in the enterprises at present and which call for urgent solution. As far as every specific enterprise is concerned, of course the conditions cannot be exactly the same. Therefore, in doing a good job of these five tasks, such questions as which tasks we should start with and which tasks we should stress should be determined by the various enterprises themselves in the light of their own specific conditions.

In some enterprises there are serious phenomena, such as confusion in the leading bodies as well as weakness and laxity or other problems. As a result, the leading bodies of these enterprises are unable to lead the overall reorganization of enterprises. This small number of enterprises must of course be readjusted first and their leading bodies must be reorganized. Only then can one begin to talk about reorganizing other types of work. It is advisable to gradually readjust, substantiate and perfect the leading bodies of ordinary enterprises in the course of reorganization.

In the course of the examination of financial matters, some serious mistakes or cases of grave illegality were discovered. This type of enterprise must take the further examination of financial matters and economic discipline and the reorganization of financial rules and regulations as the primary link in starting the reorganization of enterprises. The ordinary enterprises must also carry out in real earnest the examination of financial and economic discipline. But this should not present an obstacle to paying close attention to the other reorganization tasks at the same time.

There are still enterprises whose work discipline is seriously lax and whose production is chaotic. This loss of enterprises should carry out the other reorganization tasks step-by-step by starting with the formulation of the "provisional regulations for staff and workers" and other factory rules and regulations in the light of conducting ideological and political education, reorganizing work discipline and production order.

Still there are enterprises whose production tasks are seriously insufficient and whose production orientation should be readjusted or which need to be closed, suspended, merged or shifted. This kind of enterprise must of course solve the problem of readjustment first. But they are encouraged to create conditions for further developing production in the light of the readjustment of production by starting with reorganizing work organizations, training the staff and workers in an overall manner and setting up and perfecting a set of operational and management institutions which are suited to market demands.

In brief, in regard to the five tasks which should be grasped well at present, in the light of specific conditions, the enterprises are allowed to have different individual emphases and different starting methods. But as far as the majority of enterprises are concerned, it is logical and in conformity with the laws to first grasp the other reorganization tasks by taking these tasks as the central link if there are no exceptional cases.

Below I would like to discuss my sketchy ideas on the question of perfecting the economic responsibility system for your reference.

1. "How should we evaluate the economic responsibility system which was introduced last year?"

Last year, most of the state-owned enterprises introduced different forms of economic responsibility system on a relatively wide scale and at a fairly rapid pace. Is this actually good or bad? In the economic circles, there are widely differing views on this matter. Some people hold that "it is indeed good" and others maintain that "it is very bad."

Everything divides into two. It does not tally with reality to say that the economic responsibility system which was introduced last year was carried out perfectly without any faults. Still less does it conform to reality to claim the following: The fact that last year we had a higher growth rate than expected in industrial production and managed to have a basic balance in the state's financial revenue and expenditure had nothing to do with the implementation of the economic responsibility system among the enterprises. At the same time in terms of economic results, the problems, such as the decline in the quality of some products, the increases in costs and stocks, the drop in the profits created and handed over to the state compared with those in the previous year were all caused by the implementation of the economic responsibility system.

During the past year our national economy was further readjusted. The scope of capital construction was slashed by a big margin and industrial production was faced with extremely great difficulties. Production of the first quarter dropped compared with that in the same period of the previous year but it gradually rose again after the second quarter. The year's total industrial output value was 519 billion yuan, an increase of 4 percent over that in 1980, thus maintaining a certain growth rate. The fact that we made such achievements depended in the final analysis on the enthusiasm of the enterprises and the broad masses of staff and workers. It cannot be denied that the decision adopted last year by the National Conference on Industry and Communications to carry out the economic responsibility system among the industrial enterprises in various localities throughout the country has played a decisive role in arousing the enthusiasm of the enterprises and the staff and workers.

Take the Shoudu Iron and Steel Company for example. In the course of the readjustment, production of certain units was to be reduced. But in accordance with the state plans, they were to turn over to the state a profit of 22 million yuan more than the previous year. How did they boost income despite reduced production? They carried out the economic responsibility system with each level of the internal departments of the company contracting and ensuring the fulfillment of the economic responsibilities which the company undertook from the state. This kindled the sense of responsibility of being the masters of the country of the staff and workers of the whole company. Eventually, they met the target of handing over to the state a profit of over 270 million yuan 28 days ahead of schedule. Their average profit per month in the first 6 months of last year was 23.34 million yuan. However, the average profit per month created in the succeeding 5 months

between August and December after the introduction of the economic responsibility system was over 30 million yuan, a record-high 28 percent increase over the first 6 months.

The Shoudu Iron and Steel Company summarized its experience in carrying out the economic responsibility system into four "unprecedents": The sense of duty and the initiative of the staff and workers for managing money matters is unprecedented; the cooperation between different departments and between individuals is unprecedented; the strengthening and intensification of operations and management is unprecedented; and the extent of the economic effect is unprecedented.

Of course, since the economic responsibility system was carried out on a large scale over a very short time, its development is surely uneven. The enterprises where the economic responsibility system is being carried out relatively well, such as the Shoudu Iron and Steel Company, constitute a minority. Judging from the situation of Beijing, Shandong Province and other places, this type of enterprise accounts for 20 to 30 percent of the enterprises which follow the economic responsibility system. But those enterprises which carry out the economic responsibility system relatively poorly also constitute a minority. Generally speaking, the economic responsibility system is correct in its orientation and has produced good results and played a great role in changing the face of the enterprises and raising the level of the operations and management of enterprises. It played a positive role in fulfilling last year's industrial production plans and tasks of turning over financial revenue to the state.

There would inevitably be some problems in the understanding of the concrete methods for carrying out the economic responsibility system, for it was practiced extensively over a very short time. Everyone knows that the economic responsibility system which was introduced last year mainly involved the implementation of the financial tasks. The emphasis on contracting for profits turned over to the state resulted in the tendency of some departments and enterprises to one-sidedly concentrate on profits. In terms of the interests of the state, the enterprises and the individual staff and workers, some enterprises one-sidedly emphasized the interests of the enterprises and staff and workers. Some enterprises ignored quality, exerting more effort for big profits and less effort for meager profits in disregard of state planning. The excessive increase in the income of the staff and workers of some enterprises resulted in unfairness in the division and allocation of profits among enterprises. Some enterprises still sought profits by violating financial and economic discipline and resorting to dishonest practices, and illegal cases such as corruption and theft as well as bribery even emerged. However, none of these tendencies constitute a primary aspect. If we give up eating for fear of choking and retreat while problems are cropping up, we will be unable to advance a step further in our attempts to reform. It is precisely because of this that in the overall reorganization, it is imperative to take the perfecting of the economic responsibility system as the central link in starting our work.

## 2. //The nature and significance of the economic responsibility system.//

In doing any work, we must first gain a clear idea of the nature and significance of the work and then we can correctly carry it through to the end. However, at the beginning of a new task, very frequently it is impossible to fully grasp at once its nature and significance, and it is necessary to gradually deepen our understanding of it in the course of practice.

What is the nature of the implementation of the economic responsibility system in the industrial enterprises? What great significance does it have in promoting the fundamental turn for the better of the national economy?

It is acknowledged that the nationwide implementation of the economic responsibility system among the industrial enterprises was determined by the national conference on industry and communications in April last year. Were there not any enterprises which practiced the economic responsibility system before last year? Of course there were. After the 3d plenary session of the 11th CCP Central Committee set forth the task of reforming the economic management system, throughout the nation there were about 6,000 enterprises which carried out the experiment of expanding the decisionmaking power of enterprises. In the distribution of interests, the practices of profit-sharing or paying taxes rather than handing over profits to the state and assuming full responsibility for one's own profits and losses were carried out. These experimental enterprises have in fact implemented on a trial basis certain forms of the economic responsibility system. The complete sense of the expansion of the decisionmaking power also requires the enterprises to become step-by-step relatively independent economic bodies which combine responsibility, authority and benefit. Therefore it can be said that the implementation of the economic responsibility system was not begun just from the past year.

However, last year, because of the need for implementing the financial tasks, the scope of practicing the economic responsibility system was expanded and the form and the content were substantially developed. It has been a continuation and a leap in the development of the reform of the economic management system since the 3d plenary session of the 11th CCP Central Committee.

Viewed from more than 6 months of practical experience, the economic responsibility system of the industrial enterprises is the production operational and management system which closely combines responsibility, authority and benefit under the guidance of state planning with the aim of improving the socioeconomic results. It consists of two main aspects. The first aspect is determining the economic responsibilities and economic rights and interests of enterprises in relation to the state and correctly handling the relationship of distribution of interests between the state and the enterprises so that the interests of the enterprises are related to the results of the production and operations of the enterprises. This puts an end to the practice of everyone eating from the same big pot in which no distinction is made between those enterprises which are run well or poorly.

The second aspect is practicing the economic responsibility system in the internal departments of the enterprises, determining the economic responsibilities and economic rights and interests of every department, every post and even every staff member or worker and correctly handling the relationship of distribution of interests between the small collective units and between the individual staff and workers, so that the personal interests of the staff and workers are combined with the results of the collective operations and the contributions of individual labor. This resolves the problem in the enterprises of everyone eating from the same big pot.

Practice has proved that the implementation of this complete set of economic responsibility systems can link the economic interests of the enterprises and the staff and workers with the responsibilities they undertake and the economic effect they produce. Thus it can arouse tremendously the enthusiasm of the enterprises and the staff and workers, heighten their sense of responsibility of being the masters of the country and enhance the initiative of the enterprises in improving operations and management and raise the level of production techniques. As the responsible comrade of the State Council pointed out, it was a great reform which would promote the development of our industry.

The time for the implementation of economic responsibility system is very short. Its specific methods are still in an exploratory stage and need to be further perfected. Nevertheless, practice has shown that it has great vitality and is an important foundation of the structural reform. Bringing the enthusiasm of the enterprises and the broad masses of staff and workers into play is the basic condition for the socialist economic development and also the concrete manifestation of the superiority of socialism. Further perfecting the economic responsibility system on the basis of the experience already gained will play a great role in promoting the fundamental turn for the better of the national economy.

//3. Perfecting the economic responsibility system is a powerful force propelling the overall reorganization of enterprises.//

The overall reorganization of enterprises requires overall management of the various types of work of enterprises and the various problems existing in the enterprises. The economic responsibility system of enterprises is an overall and comprehensive management system. It determines not only the responsibility, authority and benefit of the enterprises in relation to the state but also the responsibility, authority and benefit of every department and every type of work and even every post and every staff member or worker within the enterprises. It can thus be seen that the content of the economic responsibility system and the requirements of the overall reorganization are objectively identical. Therefore, the implementation of the economic responsibility system can be taken as the thrust of the overall reorganization of enterprises.



Take the several tasks to which top priority should be given at present. For example, the reorganization and the perfecting of the economic responsibility system are also a central link. In reorganizing financial and economic discipline, apart from exposing the handling of some illegal actions, it is still necessary to reorganize and perfect enterprise financial rules and regulations so as to check every form of tax evasion and guarantee against the occurrence of similar problems in the future. This requires clearly defining the limits of responsibility, authority and benefit of enterprises and ensuring the implementation of financial and economic discipline and the financial rules and regulations through the establishment of the responsibility system at each level in the internal departments of enterprises. In reorganizing work discipline, besides carrying out ideological education among the staff and workers and drawing up the rules and regulations, such as the regulations for the staff and workers and the methods concerning rewards and disciplinary action, it is also necessary to consolidate work discipline through the establishment of the job responsibility system which combines responsibility, authority and benefit. It is all the more necessary to take the formulation of the job responsibility system at various levels as the foundation in reorganizing the enterprise work organizations (including administrative organs) and arrange production tasks according to a fixed number of workers and fixed quotas. Only when the limits of responsibility of the various production and work departments and posts are clearly defined and the fixed quotas for various types of production and other work are worked out, can we draw up, on this basis, the rational criterion for fixing the number of workers. Furthermore only when the job responsibility system is instituted can we set the requirements for the technical and professional abilities of the personnel at different posts and further draw up the goals and plans for training all staff and workers. Similarly, the reorganization and building of leading bodies must also be integrated with the economic responsibility system. The implementation of the economic responsibility system has set higher demands on the leading cadres at various levels and given them specific responsibilities. Only those leading bodies which are small in number but highly trained and which conform with the "four modernizations" requirements can meet the demands of the economic responsibility system.

In terms of the long-term goal of overall reorganization, the perfecting of the economic responsibility system is also the starting point for the enterprises to carry out the "3-items of construction." It is a powerful motive force for various types of construction.

The development of the enterprise management level of our country is uneven. The management of quite a few enterprises, such as the Shoudu Iron and Steel Company, was originally quite good, and they had a complete set of rules and regulations. But these rules and regulations were frequently implemented unsatisfactorily. The managerial skills of some enterprises were quite poor. They have been improved to some extent through repeated reorganizations in the last few years, but the results of the reorganization very often could not be consolidated. Why? One very important reason was that we lacked the inner dynamic force to improve the management level.



The implementation of the economic responsibility system and the combination of responsibility, authority and benefit have enabled us to integrate the interests and responsibilities which the enterprises should fulfill with the results of the operations of enterprises and the personal interests of the staff and workers with the results of the collective operations of enterprises and the individual labor contributions. With this integration, everyone pays much attention to the quality of operations and management, and improving operations and management has become a conscious action of the leadership in relation to the broad masses of staff and workers. Just as the comrades of the Shoudu Iron and Steel Company said: "The economic responsibility system has expanded the power of enterprises and added vitality to the enterprises, brought pressure to bear on the staff and workers and given them motive force. This new vitality and motive force will push the various tasks of enterprises forward and enable them to ceaselessly advance along the new path of improving the economic results."

4. //Some problems which demand study and solution in perfecting the economic responsibility system.//

The economic responsibility system includes two parts: One is the economic responsibility system which is practiced by the state in relation to the enterprises and the other is the economic responsibility system which is practiced in the internal departments of enterprises. Thus, there are problems in both aspects in further perfecting the economic responsibility system.

//Judging from the relationship between the state and the enterprises, some problems which require study and solutions at present are as follows//:

First, we must combine the implementation of the economic responsibility system with the strengthening of the planning control of the state over the enterprises.

The economic responsibility system introduced last year began with the implementation of the financial tasks, with emphasis on giving consideration to profits. Thus people have the impression that the economic responsibility system is profit-contracting or profit-sharing.

In the economic responsibility system which combines responsibility, authority and benefit, "responsibility" is a matter of prime importance. In this respect, it is necessary to clearly define which economic responsibilities the enterprises should fulfill for the state and the society. Turning over taxes and profits to the state to ensure an increase in the state's financial revenue is undoubtedly a grave responsibility of the enterprises but is by no means the only responsibility. As a socialist production enterprise, its fundamental task is to produce marketable first-rate, attractive and rationally-priced goods that meet social demands. It must not take the increase of profits as the only aim as the enterprises under capitalism do. However, a socialist enterprise does not ignore profits. The difference lies in the fact that under the premise of meeting social

demands a socialist enterprise creates more profits so that the state can gain its appropriate interests and the enterprises can also obtain their relevant interests through the efforts to raise production efficiency, economize on consumption, reduce costs and improve operations and management.

In order to meet social demands, an enterprise must produce marketable goods whose quality comes up to fixed standards. It must not blindly engage in production regardless of actual needs and still less should it seek profits by manufacturing goods in a rough and slipshod way or resorting to dishonest methods. Therefore, apart from profits, there must be other responsibilities which should be guaranteed in the economic responsibilities of enterprises. These responsibilities must be formulated by the state and specific requirements should be worked out through state plans.

At present, China's management planning system is far from perfect. How to reform the management planning system so as to make it suit the needs of the implementation of the economic responsibility system is a problem which calls for urgent study and prompt solution.

Second, we must sum up the experiences in the experiment of expanding the decisionmaking power of enterprises and work out general regulations for the limits of decisionmaking power of state-owned enterprises.

Now that the economic responsibility system is a management system which combines responsibility, authority and benefit, while clearly defining the responsibilities of the enterprises, it is also necessary to work out some regulations to appropriately limit the decisionmaking power of enterprises. Rights and duties are the unity of contradictions. Wherever there is responsibility there is authority and wherever there is authority there must also be responsibility. More than 3 years have elapsed since the 3d plenary session of the 11th CCP Central Committee, a time when the experiment of expanding the decisionmaking power of enterprises was carried out. At present, the number of the enterprises which are following the economic responsibility system has greatly surpassed that of the experimental enterprises. Those enterprises which are not involved in the experimental work must similarly have certain decisionmaking power. Therefore, it is necessary to sum up the experiences in the experimental work and formulate some provisional regulations for the limits of the decisionmaking power of the state-owned enterprises. Those enterprises which introduce the economic responsibility system must act according to the regulations. After a certain period of time, in the future "law concerning enterprises," we will be able to work out even better regulations for the rights and responsibilities of the enterprises.

Third, we must correctly handle the relationship of interests between the state, the enterprises and the individual staff and workers.

All of the economic interests of a socialist country belong in the final analysis to the entire working people. However, for the sake of the overall interests and the long-term interests of the working people, it is necessary

to rationally distribute the gains in production among the state, the collective and the individual rather than among individuals.

Handing over taxes and profits to the state and ensuring an increase in the state's financial revenue year after year is the glorious duty of socialist enterprises. Under this premise, the enterprises must also obtain their relevant interests in accordance with the quality of production and operations. The problem at present is determining whether or not the quality of production and operations of the enterprises is good. Can profits fully reflect the quality of the production and operations of the enterprises?

The principle of distribution according to work is practiced under socialism. The amount which the enterprises gain must reflect the amount of the labor contributions which the enterprises have made to the society. The different enterprises must not be uniformly egalitarian. They must similarly embody the principle of more pay for more work and less pay for less work. But because of the different technological makeup of enterprises, and particularly the present relatively irrational prices and many other complicated factors, the profits created by the enterprises cannot fully reflect the labor contributions made by the enterprise collective. For this reason, there are bound to be many contradictions in distribution according to profits. Since the implementation of the economic responsibility system, the various localities have created various forms of distribution, but all these forms are still exploratory in nature and need to be perfected through summing up experience. The key lies in what regulatory measures to take so that the interests which the enterprises gain can reflect the results of the collective efforts of the enterprises.

Most of the interests gained by the enterprises are used as production development, collective welfare and other funds. Some of them are distributed among the individual staff and workers as bonuses. This is also quite a complicated matter. Along with the development of production, the income of the staff and workers must in principle correspondingly increase. However, in the national economy a certain rational proportion between accumulation and consumption must be maintained and the level of consumption has to increase in a planned and orderly way. Only in this way can the steady and healthy development of the national economy be ensured. Therefore, apart from being restricted by the improvement of the economic results of enterprises, the personal income of the staff and workers is also restricted by the level of the development of the whole national economy. The methods adopted at present to control the level of bonuses are not ideal. But under the present circumstances where prices and the economic management system have not been restructured in an overall manner, the present methods of control have to be carried on. The enterprise has to implement the principle of distribution according to work within the bounds of the state's regulations and in the internal departments of enterprises and perfect the distribution system so that the limited wages and bonuses can also play a role of encouraging the advanced.

Fourth, we must reform the industrial leading organizations and establish the relevant responsibility system.

In perfecting the economic responsibility system, besides defining more clearly the responsibility, authority and benefit of the enterprises in relation to the state, it is also necessary to improve the state's management over the enterprises. The 3d plenary session of the 11th CCP Central Committee pointed out that it was necessary to overcome the phenomena in which there was no separation between the functions of the party and those of the government and between the functions of the government and those of the enterprises. This is the orientation of reforming the industrial leadership system. At present, our country is vigorously carrying out structural reforms including reform of the industrial leadership system. But time is still needed to carry out the reforms. Before an overall reform is carried out, in order to better implement the economic responsibility system, in my opinion, at least two problems must be solved: 1. We must exercise single-headed unified leadership over the enterprises and put an end to the present phenomena of "under-defined authority." In reforming the industrial leadership system, the economic commission of Qingyuan County of Guangdong Province put the industrial enterprises run by the county under its unified leadership and passed down the various tasks in a unified way after it had coordinated them in an overall manner, thus resulting in both streamlined administration and unified leadership. This is a successful experience. It is necessary to adopt similar methods so that the enterprise will be responsible to only one leading organization and to arrange the requirements of all quarters concerned for the enterprises through a "funnel." How to further carry out the reform to separate government administration from enterprise management will be taken into account at a later time. 2. We must establish the responsibility system of the responsible organizations. The enterprises are responsible to a single-headed organization and the latter is bound to be responsible to the former. Its duty is to help the enterprises find good solutions to the incongruities in such areas as manpower, finance, materials, production, supply and marketing and to the key problems in production and operations. It thus provides necessary external conditions for the enterprises to fulfill their economic responsibilities and improve operations and management. The enterprises being fully responsible for the fulfillment of the state's assignments and the state's providing the necessary conditions for carrying out the assigned tasks can thus reflect the unity of duties and rights.

//Judging from the internal departments of enterprises, in implementing the economic responsibility system at present the following problems must be emphatically studied and solved//:

First, we must implement the economic responsibility system down to each level of the internal departments of enterprises, down to every post in production and other work and down to every individual.

The implementation of the economic responsibility system which combines responsibility, authority and benefit, for which the enterprises are

responsible to the state, depends on the efforts of the various departments within the enterprises and depends in the final analysis on the concerted efforts of the whole staff and workers. Therefore, it is necessary to set up the economic responsibility system in the various departments and various levels within the enterprises in accordance with the principle of combining responsibility, authority and benefit. For instance, the Shoudu Iron and Steel Company has practiced the method of "each level contracting for state assignments and ensuring their fulfillment" and developed the job responsibility system into the job economic responsibility system and so on. The various enterprises must sum up their own experiences and at the same time further improve the economic responsibility system in the internal departments of enterprises by learning from the experiences of the advanced enterprises so that a complete system can take shape. At the same time, it is necessary to appropriately simplify it so as to make it easy to grasp and practical to use.

Second, the implementation of the economic responsibility system must be combined with the improvement of operations and management and the carrying out of technical transformation.

The central aim of implementing the economic responsibility system is to ceaselessly improve the economic results of production and operations of the enterprises and to direct the enthusiasm of the staff and workers toward improving operations and management, innovating production techniques and tapping the potential of boosting income and reducing expenditure. It is necessary to raise the economic results through developing the varieties which are marketable, improve product quality, save on consumption of energy and materials, economize on funds, reduce costs and open up new prospects for production and then proceed to boost the interests of the state, the enterprises and the individual staff and workers. It is imperative to oppose seeking unlawful profits by means of dishonest practices and even breaking the law and violating discipline.

Therefore, on the basis of establishing the economic responsibility system at each level in the internal departments of enterprises and in the light of the specific conditions of the enterprises and the principal contradiction and weak links, it is necessary to carry out technical transformation step-by-step and to mobilize the masses to carry out the tapping of potential, innovation and transformation activities of a mass character. In operations and management, it is necessary to establish a complete set of scientific management systems, such as overall planning, quality control, business accounting and personnel.

Third, we must vigorously strengthen ideological and political work in the light of the establishment of the economic responsibility system.

Political responsibility is the soul of the responsibility system. Whether or not the economic responsibility system can be carried out in a really satisfactory way lies in bringing the sense of responsibility of being the masters of the country of the entire staff and workers into play. A system

without an ideological foundation will not work. To carry out ideological and political education among the broad masses of staff and workers, it is first necessary to foster the spirit of ardently loving the party, ardently loving the motherland and ardently loving socialism, carry out the "five stresses and four beautifuls" activities and teach the staff and workers to correctly understand the significance and aim of practicing the economic responsibility system and correctly handle the relationship of interests between the state, the enterprises and the individual. Since the 3d plenary session of the 11th CCP Central Committee, the state has devoted much effort to improving the livelihood of the staff and workers under the situation where the state's economic conditions were quite difficult. But the vast numbers of staff and workers have not had a proper understanding of this matter. Through laying bare the conditions and problems and settling detailed accounts, many enterprises helped the staff and workers realize the direct relationship between the personal interests and the economic development of the state, overcome the tendency of one-sidedly concentrating on personal interests and then proceed to foster the sense of honor and pride in making greater contributions to the society. On the basis of this ideological education, it is necessary to link spiritual encouragement with material encouragement and carry out the emulation drive of emulating, learning from, catching up with and helping each other. In this way the economic responsibility system will become a powerful motive force for encouraging the advanced and arousing the enthusiasm of the masses for socialism.

CSO: 4006/464

## NATIONAL POLICY AND ISSUES

### XUE MUQIAO ON ECONOMIC SYSTEM

HK281330 Beijing GUANGMING RIBAO in Chinese 19 May 82 pp 1, 3

[Article by Xue Muqiao [5641 2550 2890]: "On the Discussion of the Theoretical Question of Restructuring the Economic Management System"]

[Text] I

Since 1979, we have conducted tests at selected points for restructuring the system and implemented the policy of promoting economic exchanges with foreign countries and livening up the economy at home. During this process, many economic workers and economists have also carried out heated discussions on questions of theory in restructuring the economic system. A correct appraisal of the practical and theoretical work of restructuring the system in these past 3 years should be conducted. At the national commerce and communications conference held this March, Premier Zhao Ziyang made a realistic and comprehensive estimate of the policy of promoting economic exchanges with foreign countries and livening up the economy at home over the last 3 years. He pointed out that since the 3d plenary session of the 11th CCP Central Committee, our orientation of carrying out the policy to promote economic exchanges with foreign countries and to liven up the economy at home under the unified leadership and planned guidance of the state is correct and the achievements are primary. Without this kind of restructuring, there would not be the excellent situation of today, and this must first be affirmed. At the same time he also pointed out that we must not only see the aspect of the achievements obtained from promoting economic exchanges with foreign countries and livening up the economy at home, but we must also soberly recognize some of the problems inevitably caused by this policy. At present, such illegal and criminal activities as smuggling and dealing in contraband, speculation and swindling and corruption and graft have actually increased. In the economic field, departmentalism, decentralism and the trend of liberalization have recently developed. He stressed that the policy to promote economic exchanges with foreign countries and the policy to liven up the economy remain unchanged and that the orientation of restructuring is firm and persistent. However, it is necessary to pay attention to existing problems and sum up experiences. This is precisely for the sake of better carrying out restructuring in the future. I think that the comrades present must have agreed with this correct analysis made by Premier Zhao Ziyang. As long as we are able to have a more unified understanding of practical experience, our theoretical exploration will be able to progress more smoothly.



I think that we should also have a correct appraisal of the theoretical work centered on the question of restructuring the system over the last 3 years. This appraisal should be realistic and comprehensive. We not only must see our achievements, but we must also look squarely at the existing problems. Correct appraisal will further enhance our enthusiasm for study and discussion and will promote a more healthy development of discussions.

How do we appraise the theoretical exploration of these 3 years? I will put forth several immature viewpoints for exchange with the comrades.

1. We should affirm that the orientation of theoretical discussions in restructuring the economic system of recent years is correct, the main trend is good and the achievements outweigh everything else. Most of our comrades have conducted research work guided by the spirit of the third plenary session. The third plenary session has pointed out the necessity of restructuring our economic management system and paying attention to the role of law of value, the CCP Central Committee further proposed implementing the principle of integrating regulation by planning mechanism with regulation by market mechanism in the entire national economy of our country, and, while taking regulation by planning mechanism as the key factor, to pay full attention at the same time to the role of regulation by market mechanism. This decision is aimed at our long neglect of planned economy and the role of the market which resulted in the ossification of planned management. It played an important guiding role at that time in the selected points for testing the restructuring of the system. After more than 2 years of practice, we gradually realized that this form of expression is still not precise enough. It is too incomplete and easily leads to misunderstanding. Based on the view of Comrade Chen Yun, this formulation was changed at the sixth plenary session to read: "It is necessary to carry out planned economy on the basis of public ownership and give play at the same time to the supplementary role of regulation by market mechanism." This formulation is more precise than the previous and is a step forward. However, this does not basically negate the policy passed by the third plenary session but is a new development of the policy passed by the third plenary session. We must not think that the policy of the third plenary session is wrong. In the last 3 years the main trend of carrying out theoretical discussions by the comrades under the guidance of the spirit of the third plenary session is correct, and this point must be affirmed. It should be said that a very great breakthrough has been effected in economic theory because of the joint efforts of many comrades in recent years. For example, after studying the production of socialist economy and the law of value, we have corrected the lopsided views that the means of production are not commodities and that the law of value does not play the role of regulating production. The point of departure of many comrades for studying this question is for the sake of improving planning work, strengthening planned economy and pushing forward the restructuring of the economic system. Without theoretical progress, it is difficult to imagine how it would have been possible for us to carry out experiments in restructuring the economic system in recent years. We should encourage the majority of the comrades to show enthusiasm for theoretical study. As for the shortcomings and mistakes in theoretical exploration, we can only say that they are minor issues. As long as we strengthen guidance, help each other and raise standards together, they can be overcome gradually.



2. We should also keep a sober head. We cannot only notice the achievements in work but we must also see the existing problems. The restructuring of the economic system is extremely complicated and no country in the world has yet to solve this question. We ourselves also do not have enough experience. The appearance of this or that kind of incorrect view in theoretical discussions is unavoidable. Just as Lenin said, human knowledge is not straightforward but resembles a spiral curve. Any section of this curve can one-sidedly become an independent straight line thereby leading to mistakes. In recent years, there is definitely more or less this or that kind of one-sidedness in many of our articles. For example, when attaching special importance to the study of the commodity character of the socialist economy and the role of the law of value, some of the articles often fail to pay sufficient attention to the aspect that socialist economy is planned economy. This is also a point that cannot be denied. As for the improper use of words and unprecise method of expression, such conditions are even more numerous. In the middle of last year, I myself was not clear about an important question in theory and also regarded the conscious use of the economic lever to carry out planned regulation as regulation by market mechanism. Consequently, I improperly thought that the greater part of regulation of planning mechanism must be realized by means of regulation by market mechanism. Now, I have realized the defect of this formulation and must clarify this point. I think that comrades engaged in theoretical work should have a sincere spirit of self-criticism. They must not believe themselves to be consistently correct and they must have the good style of study of upholding truth and correcting mistakes. We must seek truth from facts and make efforts to overcome lopsided and improper views so as to constantly enhance theoretical understanding and gradually make progress.

Apart from this or that kind of one-sidedness and shortcomings mentioned above, we see that there are indeed some very erroneous viewpoints put forward by individual comrades who have deviated from the general orientation. For example, a scholar in the economic department of a university in an article said: "Under the present economic condition in our country and for a relatively long historical period to come, the integration of market economy and planned economy under the centralized and unified leadership of the state is an impractical dream." He held that "our country still does not have any material basis or condition for carrying out planned economy under the centralized and unified leadership of the state," and "the way out is to gradually, comprehensively and systematically expand market economy." He also said that although market economy will give rise to various social maladies, when "compared with the universal poverty of egalitarian 'socialism' and the universal privilege and all-round bureaucratic feudal fascist 'socialism,' it is still a kind of blessing." This line of argument will be opposed by most of the comrades. Those who subscribe to this view are just individuals and cannot play any decisive role. However, this has also indicated that confusion actually exists in the theoretical circles and we should keep a clear head.

3. To ensure that the restructuring of our economic management system will not go astray, it is imperative to make a success of theoretical research work in the future. Marx and Engels had laid the theoretical foundation for us in scientific socialism. However, because they had no practical experience in socialist economy at that time, they were unable to envisage that socialist

society could exist without commodity currency. Lenin had experienced wartime communism, and he pointed out that the socialist society must still carry on commodity exchange and attach importance to commerce. However, as the socialist transformation of the national economy had still not been completed at that time, he also could not make a comprehensive theoretical summary. Stalin summed up the experiences of 30 years of socialist construction and wrote "Soviet socialist economic problems" in his latter years. This is a historical work of major significance. In the last 30 years and particularly since the 3d plenary session of the 11th CCP Central Committee, for the sake of restructuring the economic management system, our country has carried out active discussions in this direction. This is a good sign. However, thus far, there are still many diverging views. It is necessary to bring together people in the economic field and economists throughout the country to carry out more extensive discussions, sum up experiences in restructuring the economic system over the past 3 years and raise these discussions to a higher theoretical level.

We must have the courage to conduct further theoretical discussions and be good at carrying out comradely discussions. Since the publication of resolution on certain questions in the history of our party of the sixth plenary session and the new year's speech of Comrade Chen Yun, some of the comrades have been worried about discussing the question of restructuring the system. They are afraid that some of the things they have said in the past may be produced for criticism. This kind of worry is completely unnecessary. I think that as long as we adhere to the socialist road and the planned management of the national economy, we should recognize the correctness of the general orientation. As regards the method of planned economy we should adopt, everybody can present his own view. This kind of discussion is normal and necessary. The making of this or that kind of verbal mistake, one-sidedness and improper use of words should be allowed in the discussion. The practice of picking on mistakes or shortcomings, using the big stick and raising minor issues to the plane of principle should not be repeated. We should uphold the spirit of emancipating the minds and the principle of letting a hundred schools of thought contend of the third plenary session. Therefore, comrades with such worries should get rid of them as quickly as possible.

Some of the comrades may think that as the CCP Central Committee has come up with a new formulation, it is better to follow the new formulation. Why continue to develop discussions? This viewpoint is also incorrect. The restructuring of the economic management system is a very complicated matter. Without extensive theoretical discussions the matter cannot be clearly explained. At the central working conference in September 1980, I said: The restructuring of the economic management system is intended to solve the question of what kind of socialist economy we are going to build in China. This is the basic policy of socialist construction. The rules for the economic management system we will draft may also be considered as an "economic constitution." We must solve the question of criterion for economic structures and economic activities. Such an important question cannot be solved without extensive discussions and thoroughgoing study.

The discussion this time should be a healthy and friendly one. Our object is to improve understanding together so that there will be development in the theory of restructuring the system. All methods must contribute to pushing

forward the development of theoretical discussions and must not block the path of further study. Therefore, we must not be too particular about who said the right thing and who said the wrong thing. We not only must not settle old scores, but we must also not settle new scores. Furthermore, we must not regard the views of other people in terms of the absolute or arbitrarily criticize them. All comrades must adopt the scientific attitude of seeking truth from facts, maintain a good style of study and modestly listen to the views of other people.

## II

At present, there are many theoretical questions on restructuring the economic system which should be studied and discussed. The two most important questions are: First, the relationship between planned economy and regulation by market mechanism. Second, the relationship between the parts and the whole, or the relationship between departmental management and regional management and between concentration of power and decentralization of power.

On planned economy and regulation by market mechanism, I feel that we must conscientiously discuss the following questions:

### 1. The Relationship Between Commodity Economy and Planned Economy

How can we understand the socialist economy of our country at the present stage? In 1980, one of the "manuscripts from people invited to give their views" said: "The socialist economy of our country at the present stage is a commodity economy in which public ownership of the means of production has overwhelming superiority and ingredients of diversified economy coexist." I had said at that time that whether or not this understanding was correct should be more fully discussed. Recently, some of the comrades have pointed out the inappropriateness of this formulation and said that it should be changed into: "The socialist economy of our country at the present stage is a planned economy based on the public ownership of the means of production in which commodity production and commodity exchange are present." The latter method of expression may be more precise than the former method. However, there is also a difference of views. Some of the comrades question whether or not changing commodity economy into planned economy would be going from one extreme to another? In the discussion, some of the comrades believe that we should not set commodity economy against planned economy. The opposite of commodity is natural economy and the opposite of planned economy is market economy, or the state of anarchy in production. Commodity economy is naturally not the exclusive feature of socialist economy, however we cannot say that there is no commodity but only commodity production and commodity exchange in socialist economy. In the past some of our articles said that socialist economy is commodity economy under planned guidance or a planned commodity economy. This kind of commodity economy is different from the capitalist commodity established on the basis of private ownership of the means of production and is a socialist commodity economy established on the basis of public ownership of the means of production. I am afraid that this kind of formulation is not very precise and there is a need for further discussion.

Socialist economy is planned economy and capitalist economy is market economy. Is this method of expression correct? Some of the comrades have pointed out that planned economy is not completely without regulation by market mechanism, and furthermore, cannot be described as without a market. Market economy depends on the spontaneous role of the law of value and other capitalist economic laws (such as the law of average profit) to carry out regulation. Naturally, it is also not entirely free from state intervention. Planned economy must also apply the law of value. The difference is the state consciously makes use of the law of value to guarantee the planned and proportionate development of the national economy and not making use of the law of value to spontaneously carry out regulation. Is this kind of view appropriate?

## 2. On Regulation by Planning Mechanism and Regulation by Market Mechanism

Since the third plenary session, many of the articles have often discussed integrating regulation by planning mechanism with regulation by market mechanism and giving full play to the role of regulation by market mechanism under the planned guidance of the state, or integrating regulation by planning mechanism with regulation by market mechanism and mainly relying on regulation by planning mechanism while making regulation by market mechanism subsidiary. Can we say that this formulation is basically correct? From attaching equal importance to the two kinds of regulation, we have changed to giving priority to one while making the other subsidiary and then changed one into the main body and one into the supplementary. Does this imply that the extent and role of regulation by market mechanism has become smaller than in the past? In the last 3 years, our planned economy has been subjected to battering. Does this kind of battering come from regulation by market mechanism; has regulation by market mechanism gone out of control? In order to strengthen planned management, is it necessary to reduce the extent of regulation by market mechanism? Have we gone too far in advocating the use of economic means or economic levers to achieve the state plan and should we put greater emphasis on administrative means in restructuring the planning system in the future? In livening up the economy, have we gone too far or have we not gone far enough? Some of the comrades hold that the state plan has been battered mainly because we have not made use of economic levers at the same time to guarantee the achievement of the state plan after expanding the decisionmaking power of the localities and enterprises. For example, our price policy has violated the law of value and cannot guide the development of the enterprises along the orientation indicated by the state plan. The solution is to make better use of economic levers to achieve the state plan and not suppress their role. Is this view correct?

What is the relationship between planned economy and regulation by planning mechanism? In mentioning planned economy, need we mention regulation by planning mechanism? Can we make a distinction between planned economy and market economy and between regulation by planning mechanism and regulation by market mechanism and that the two have different meaning and are a question concerning different levels? Can this term of regulation by planning mechanism be abolished?

There have been disagreements in the cognition of regulation by market mechanism in the past and we should define the scope of the meaning of regulation by

market mechanism. In the past, we sometimes described the use of economic levers to achieve the state plan in making plans of a guiding nature as the integration of regulation by planning mechanism with regulation by market mechanism. Many foreign economists have also frequently described the use of economic levers to achieve the state plan as using the market mechanism or regulation by market mechanism. Later, I felt this form of expression had overenlarged the meaning of regulation by market mechanism and could easily lead to confusion. Therefore, I have now changed this formulation and have placed the use of economic levers to achieve the state plan within the framework of planned management. Only the free production of miscellaneous minor commodities, not included in the state plan and not regulated by the unified pricing of the state but are allowed spontaneous regulation and free exchange subjected to the law of value, can be considered regulation by market mechanism. Is this amendment correct?

Some of the comrades hold that regulation by planning mechanism can be divided into a narrow sense and a broad sense. In the narrow sense, regulation by planning mechanism refers to the regulation of production, purchasing and marketing of the enterprise by means of state plans of a directive nature. In the broad sense, regulation by planning mechanism includes plans of a guiding nature and the use of economic levers and the law of value by the state to carry out adjustments. Apart from this, is there also a distinction of broad sense and narrow sense in regulation by market mechanism? The broad sense of regulation by market mechanism includes the use of economic levers by the state to achieve the state plan. If we acknowledge that there is a broad sense in regulation by market mechanism, then we can still adopt the form of expression of "integrating regulation by planning mechanism with regulation by market mechanism." If this is the case, how do we explain regulation by market mechanism only plays a supplementary role?

Some of the comrades have advocated reducing as much as possible plans of a directive nature. They hold that under the normal condition of economic development in the future, plans of a directive nature can be greatly reduced and replaced by plans of a guiding nature. However, some of the comrades emphasize that there cannot be any great reduction of plans of a directive nature in socialist planned economy. They hold that plans of a directive nature are the fundamental hallmark of socialist planned economy. The abolition of plans of a directive nature will inevitably lead to anarchy in social production. This question also merits study.

### 3. On the Distinction Between Market, Market Economy and Regulation by Market Mechanism

Socialist economy is not market economy; however it cannot be without a market. Since commodity production and commodity exchange still exist extensively, most products must pass through the market before they can be transferred from the hands of the producers to the consumers. In daily conversations, we sometimes condense mainly relying on planned economy while making regulation by market mechanism subsidiary into planning is the mainstay and market is supplementary. Some of the comrades hold that in the strict scientific sense, the method of expression of "market is supplementary" is not precise. Planning cannot stand opposed to the market. Even now we still cannot practice planned economy di-

forced from the market. Planned economy and market economy are diametrically opposed, but planning and the market can coexist, our planned economy must still be carried out by means of the market. Therefore, we must still be good at making use of the role of the market. Some of the comrades hold that the shortcoming in our economic work at present is not because we have excessively made use of the role of the market, but because we still are not good at making use of the role of the market and have violated certain general laws of commodity economy (particularly the law of value). We must continue to develop commodity production and make better use of the role of market. This policy still cannot be changed.

The socialist market is not a capitalist market in a state of anarchy, but a socialist unified market guided by a state plan. In 1956, Comrade Chen Yun said: "In the socialist unified market, the state market is its main body, but has to a certain extent a state controlled free market. This kind of free market is under the leadership of the state. As it is a supplement of the state market, it is therefore a component of the socialist unified market." Based on the same principle, some of the comrades are saying that free market and regulation by market mechanism should be included in planned economy, not excluded. Can we say that the planned economy of our country should rely mainly on regulation by planning mechanism (including planning of a directive nature and of a guiding nature) while making regulation by market mechanism subsidiary and can we also regard regulation by market mechanism as a component of planned economy? As a theoretical question, it also can be put forward for discussion.

Market, market economy, regulation by market mechanism, planning, planned economy and regulation by planning mechanism have different meanings and cannot be confused. Whether or not many former methods of expression are precise must be studied over again. These questions are not easy to explain clearly and we must properly develop theoretical discussions.

### III

Besides the problem on the relationships between planning and market, in reforming the management system of the economy, we should also solve the relationships between the upper and lower, or departmental and area levels. In other words, we should solve the problem of relationships between centralism and decentralism. This is a more complicated and difficult issue in which there are more theoretical problems for us to conscientiously research.

In a socialist economy, it is the economy owned by the whole people, which Marx called the economy owned by the whole society, which plays the major guiding role. At present, we have hundreds of thousands of enterprises (including industrial, agricultural, communications and transportation, commercial and service enterprises) that are owned by the whole people. It is impossible for all these enterprises to be put directly under the management of a unified state organ which represents the interests of the whole people. These enterprises must be put separately under the management of various departments and areas. This is why the "department ownership" and "area ownership" (the system of department management and the system of area management) has emerged.



The experience that we have gained in the past more than 30 years has proved that department management may aptly lead to alienation between different departments and area management may aptly lead to alienation and blockade between different areas. This is detrimental to the unified development of the national economy. Our past reform of the system of economic management often aimed at solving the problem of whether we should put the enterprises under the management of the departments or under the management of the areas. In other words, it was aimed at solving the problem of whether we should concentrate the power of management in the hands of the central government or divide the power of management of enterprises and put it separately in the hands of different local governments. Our experience has proved that whether we put the management of the enterprises in the charge of the central departments or in the charge of local governments, we fail to treat our enterprises as economic organizations which should have a certain degree of decisionmaking power and thus we are not able to give play to the initiative and creativeness of our enterprises.

The socialized large-scale production that is the result of the development of the commodity production demands the linking up of various trades and professions with the various areas in order to enable them to cooperate with one another through division of labor. This demand goes against "department ownership" and "area ownership." The previous management system of dividing into departments and areas goes against the demand of the socialized large-scale production. This, along with the complete taking over of responsibility for the profits and losses of the enterprises by the financial departments and the practice of "eating out of the same pot," has greatly reduced the economic effect of our production and construction. During the past 3 years, we have gradually expanded the decisionmaking powers of the local governments and the enterprises and have gradually established the economic responsibility system. As a result, we have to some extent corrected the malpractice of "eating out of the same pot." However, the alienation between different departments, between different areas, and between areas and departments has not been eliminated. Sometimes, the alienation leads to sharp contradictions because of contention for interests between upper and lower levels and between different areas or departments of the same level. In order to increase local financial revenue and increase the retained profits of the enterprises, the localities and the enterprises often infringe on the interests of the state and violate the state plan by blindly producing large quantities of unmarketable products that are high priced and have high profit margins, and by carrying out duplicate construction resulting in wastage of funds, by refusing to obey the unified allocation of the supplies of raw materials and by hindering the exchange of products between different areas. This, in the final analysis, weakens the planned management of the national economy. In order to correct these malpractices, besides strengthening the guidance of planning and strengthening administrative management, we must consider whether we can solve the problem from the bottom. In other words, we are trying to find a way to combine the enterprises into various groups and replace the "department ownership" and "area ownership" with these groups, thus eliminating the alienation between departments and areas.

During the past 3 years, we have carried out a number of pilot projects. Besides organizing transregional and transdepartmental combined corporations, we

have also proposed the development of an economic structure that uses the big cities along the coastline as bases to help the development of the medium-sized and small cities in the inland areas and thus form a complete economic network that links all the big, medium-sized and small cities. This is suited to the objective demands of the economic development. However, this does not conform with the present division of administrative areas. Can we combine the structure of the current administrative divisions of areas with this economic network and enable them to coexist? This is a question we must study, but have failed to solve as yet.

In order to solve this problem and promote economic cooperation between different trades, professions and areas, some comrades have put forward a tentative plan of "separating economic management from government administration," by which they mean regarding the transregional and transdepartmental combined corporations as independent economic entities, which will not be put under the leadership of the departments or the areas. This seems a reasonable measure, but in reality is difficult to carry out. For every enterprise there must be an owner. In a capitalist company, the owners of the company are its shareholders who elect a board of directors to manage the company. The owner of a socialist company owned by all the people is the 1 billion of people who must also entrust the management of this enterprise to a certain organ. At present, this organ is the local government at a certain level or a certain department of the central government. An enterprise owned by the whole people must represent the common interests of the whole people and obey the unified planning of the state as a whole. If we allow an enterprise to be completely independent and to be managed by the staff and workers of the enterprise themselves, it will be very difficult for us to ensure that the enterprise obeys the unified planning of the state. Then, the ownership of the whole people will become a collective ownership. Besides, in a socialist country the supplies, production and marketing of any enterprise or any company must be included in the planning of the state. It is impossible for an enterprise or company to rely completely on itself to solve the problems related to its supplies, production and marketing. Nor is it possible for the enterprise or company to develop in a completely independent manner. Therefore, the leadership of an upper-level organ is always indispensable. Most of the recently organized nationwide corporations are under the leadership of the state economic commission, the department responsible for its trade and profession or the government of the area responsible for them. Some of them are directly under the leadership of the state council. The government of a socialist country has its economic function as well as its political function. This economic function will continue to develop along with the development of the economy and will not wither away even when the communist period has come. Unnecessary administrative interference with the enterprises by the state must be reduced. However, a socialist enterprise can only have a decisionmaking power of a relative nature and it can never be allowed to have an absolute decisionmaking power. After we have given our enterprises the decisionmaking power of a relative nature, we should adopt another method to further strengthen the leadership over planning in order to ensure the fulfillment of the state plan. This is a difficult problem to be solved.

Whether or not we should establish the autonomy of workers in our enterprises is still a problem to be researched. The leaders of the big enterprises that



have a bearing on the state plan and the people's life must be responsible not only to the staff and workers of their enterprises but also to the state. If the enterprise leaders selected by the staff and workers through democratic election are neither recommended nor approved by the state, it will be very difficult for us to ensure that these leaders will not pursue the interests of their staff and workers at the expense of the state interests and that they do not violate the state plans or develop departmental selfishness. Therefore, the workers autonomy in the state-owned enterprises is only allowed to be relative and not absolute. The leaders of the enterprises should not be responsible only to the workers congresses of their enterprises. They should also be responsible to the organs at a higher level. This is especially true for the party committees. They should represent the common, long-term interests of the people of the entire country and should supervise the implementation of the state plans and the policies and decrees of the state in their enterprises. We have not yet clearly defined the so-called system of workers congresses under the leadership of the party committee.

Apart from the two major questions mentioned above, many other questions need to be studied jointly by the theorists and the departments responsible for practical work. For example, some articles in the past said that in the socialist economy in China at present, the system of public ownership of the means of production is in absolute superiority and various sectors of the economy and various forms of management exist at the same time. Are they correct in saying this? Some comrades hold that in a socialist state, there should only be the public sector of the economy and that a socialist state should not step back economically. Other comrades hold that as the productive forces of our country are still developing at a low level, it is permissible for other sectors of the economy to exist as supplements provided that the public sector of the socialist economy is in absolute superiority. Individual ownership has been recognized by law, and enterprises jointly operated with Chinese and foreign capital and even a small number of foreign enterprises have also been recognized. Now that we may take in foreign capital and welcome investment by overseas Chinese, are people who have large deposits with the bank permitted to invest in state enterprises? At present, some state enterprises encourage their staff and workers to join them as partners; many cooperatives have been newly established by commune members by raising funds themselves and they issue bonuses to laborers according to work done and to investors according to the amount of capital contributed. Some well-off rural people's communes have also set up enterprises outside the original scope of their businesses, or have invested in state enterprises. In some localities, some enterprises have been established with the capital of individuals and each hires 10 or more staff members and workers. To what extent can these semisocialist or nonsocialist sectors of the economy develop? This question is very important and complicated and needs serious discussion.

Remarkable results have been achieved in making use of foreign capital and setting up special economic zones. However, many signs of confusion have surfaced. We must seriously sum up experience. Some theoretical problems also need to be solved. In short, many theoretical problems need to be discussed in the course of restructuring the economic system. In the above, I have mentioned only a few general problems. Many other specific problems are also

very important. They include problems of prices, labor, wages, financial and managerial systems, and so forth. I cannot list all the important problems today. Therefore, the discussion should not be restricted by the questions I have raised. (This is the author's speech delivered at the mobilization and report meeting to discuss theoretical problems involved in restructuring the economic system.)

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## ECONOMIC PLANNING

### REPORT ON LIAONING GOVERNMENT WORK AT PEOPLE'S CONGRESS

Shenyang LIAONING RIBAO in Chinese 13 Mar 82 pp 1-4

[Report on government work by Governor Chen Puru [7115 3877 1172] at the Fourth Session of the Fifth Liaoning Provincial People's Congress on 4 March 1982]

[Text] Fellow Deputies:

On behalf of the provincial people's government, I am now to report on its work for your examination and deliberation.

#### Work in 1981

More than 1 year has elapsed since the Third Session of the Fifth Provincial People's Congress. Under the leadership of the party Central Committee, the State Council and the Liaoning Provincial Party Committee, the governments at all levels in our province have conscientiously carried out the policy of further economic readjustment and further political stability and unity, and intensively studied and implemented the spirit of the 6th Plenary Session of the 11th Party Central Committee, the 4th Session of the 5th National People's Congress, and the important speech delivered by Chairman Hu Yaobang on his inspection tour to Liaoning. With economic construction as our central task, we have mobilized and organized people throughout the province to work with a united will to make the country strong and have made new progress and won gratifying results in various construction undertakings in the province. The national economy has continued to improve; the political situation has become even more stable; and the overall situation is becoming more and more favorable.

1. We have had a bumper agricultural harvest. Because of the implementation of the various rural policies of the party, the adoption of the system of production responsibility in various forms in accordance with the local conditions, the readjustment of the agricultural structure and the use of effective scientific and technological methods in agriculture, the broad masses of commune members are now more enthusiastic than ever in promoting production. Last year, some counties and districts in the Chaoyang Prefecture, Fuxin and Jinzhou Municipality experienced a severe drought which had last 2 years, while some areas in the southern part of the province

experienced severe floods. Yet the province as a whole had a good year. According to the annual statistics, the total output of grain and beans was 23.2 billion jin. This figure seems a little conservative, since it could have been as high as approximately 24 billion jin. It was the second best harvest year in the history of our province. Aside from the reduced output of tussah and sunflower seeds, the output of cotton was increased by 3.1 percent; that of peanuts was increased by 23.8 percent; that of sesame was increased by 67.9 percent; that of cured tobacco was increased by 11.5 percent; that of sugarbeet was increased by 77.3 percent; that of fruits was increased by 18 percent; that of vegetables was increased by 14.7 percent; the sale of hogs was increased by 4.2 percent; and the output of aquatic products was increased by 10 percent over the previous year. The plan for afforestation was overfulfilled in all places except the Chaoyang and Jinzhou areas which were imperiled by droughts. Economic diversification also developed rapidly, and by now, we have more than 10 different trades including planting, breeding, knitting, mining, fishing, repairs, transportation, food and the service trades. Commune-run and production brigade-run industry has also made further progress in the process of readjustment, and its total output value reached 2,720,000,000 yuan, a 2.1 percent increase over the previous year. The total agricultural output value in the provinces was 5,960,000,000 yuan, a 2.8 percent increase over the previous year. The broad masses of peasants throughout the province are now full of confidence in their ability to build a new socialist countryside. The number of peasants studying cultural, scientific and technological subjects has increased, and more of them are now devoted to production and economic diversification. Their savings deposits have increased, and they have built more new houses and bought more high- and medium-grade commodities. The countryside in the whole province is now full of vitality and prosperity.

2. We have achieved outstanding results in industrial readjustment and overfulfilled the state's production plan. Last year's production plan for the province called for the reduction of many heavy industrial products. There was also a shortage of energy and raw material supplies. Despite these difficulties, the broad masses of workers on the industrial and transportation fronts in the province waged hard struggles with a united will and achieved gratifying results. At the beginning of last year, the plan of the province called for a total industrial output value of 44 billion yuan, a 3.5 percent reduction below the previous year. By the end of last year, however, we actually brought the figure up to 45.59 billion yuan, and overfulfilled the plan by 3.6 percent. The total industrial output value approached that of the previous year. Among the 80 types of main industrial products, the output of 57 of them surpassed the annual production plan.

Light industrial production continued to increase by a wide margin. The total light industrial output value in the province reached 17.14 billion yuan last year, a 16.1 percent increase over the previous year. Of the 35 varieties of light and textile electronic products for civilian use, 28 of them, especially wrist watches, sewing machines, bicycles, TV sets, radios, cigarettes, matches, and foodstuffs, showed an increased output compared with the previous year. All the 12 municipalities and prefectures

in the province have set up breweries of productive capacities of 5,000-10,000 tons, and wineries of productive capacities of 500-1,000 tons each year.

After readjustment of its service orientation, heavy industry now has an expanded sphere of service. According to last year's state planning, the heavy industrial output value in the provinces was reduced by 9.3 percent. Thanks to the efforts of the broad masses of workers and staff members on the heavy industrial front, however, the figure was actually brought up to more than 28.45 billion yuan, 1.6 percent above the planned figure, and a decrease of 7.7 percent below the previous year. Heavy industry has achieved gratifying success in serving the agricultural and light industrial markets and in serving export particularly because of the change of its service orientation and the readjustment of its product mix. In the metallurgical industry, a number of small and medium-size steel plates, strip steel, curved plates and other steel materials which are in short supply and some new steel varieties have been trial-produced. The output of steel, pig iron and rolled steel was above state plans. In the coal industry, we have already filled the gap formerly left in tunneling and stripping, and conditions of production in the mines have been improved. The coal production plan was overfulfilled. Because of the opening of more avenues for production and the readjustment of the product mix, the machinery industry has supplied to various sectors of the national economy a number of highly efficient and energy saving machines and produced more than 140 varieties of mechanical and electrical products for people's daily use. The state plans for crude oil, crude oil processing, power generation, chemical industry and cement production were all fulfilled. The enterprises, engaging in military projects, have actively developed the production of civilian goods while at the same time completing their tasks of military products. The proportion of the output value of civilian goods to their total output value rose from 26 percent in the previous year to 36 percent.

Energy conservation has also been a great success. With the total industrial output value approaching that of the previous year, we were still able to save an equivalent of more than 2 million tons of standard coal, and to lower our energy consumption for every 10,000 yuan's output value by 4.9 percent below the previous year.

The quality of many products has been improved and their designs and varieties have been increased. Some 1,300 different products in the province were evaluated, and 1,080 of them reached the best level every attained. Gold and silver state medals were awarded to 24 of them, and 137 products were rated as first class or fine quality products compared with others of the same trade throughout the country. Another 225 products were rated as fine-quality products of the province. Throughout last year, more than 2,000 new products were trial manufactured and produced with an increase of 13,800 new designs and varieties.

State plans for railroads, highways, harbors, civil air transport and posts and telecommunications were all fulfilled.

Restructuring of the economic management system, expansion of decisionmaking power for enterprises, and adoption of the system of economic responsibility are being continued in various localities. A number of economic integrated entities have been organized and developed along the lines of specialization and coordination and by breaking through the barriers between different regions, departments and systems of ownership. There are now in the province 231 industrial companies or general plants consisting of 3,357 enterprises; and 329 jointly operated or integrated enterprises and other forms of economic integration consisting of 691 individual enterprises. These reforms have effectively aroused enthusiasm in various quarters and raised the productive capacity.

3. We reduced the scale of capital construction and readjusted the orientation of investments. Last year, the province invested 2.7 billion yuan in capital construction, a reduction of 17.1 percent compared with the previous year. The ratio of total investments in nonproductive construction projects was raised from 42.9 percent in the previous year to 47.8 percent. The investments in energy and light and textile industrial production projects amounted to 63 percent of the total investments in productive projects in the province. Throughout last year, more than 1,600 projects, with an investment of more than 100,000 yuan each, were completed and commissioned; they have now become a new productive force. The Liaoyang Chemical Fiber General Company has already carried out all-round trial operation and is now proceeding with trial production. Coal mining capacity has been newly increased by 1.55 million tons; crude oil exploitation capacity has been increased by 400,000 tons; and 197 kilometers of super-high tension wires have been put up. Fixed assets have been newly increased by 2.88 billion yuan. Fairly good results have also been won in urban construction, environmental production, geological prospecting, production of complete sets of equipment, people's air defense, and surveying and mapping.

4. We expanded our domestic and foreign trade, and the conditions of market supplies were fairly good. The total volume of commodity procurement by state-run commerce in the province reached 10.3 billion yuan, a 15.8 percent increase over the previous year. The amount of agricultural sideline products procured was increased by 33.9 percent, and the procurement plans for foodstuffs, edible oil, cotton, hogs, vegetables and fruits were overfulfilled. Procurement of industrial products increased by 8.4 percent. The total volume of retail sales reached 13.15 billion yuan, an increase of 13 percent over the previous year. The volume of retailed consumer goods for people's food, clothing and other uses increased by 13.6 percent, 2.7 percent and 26 percent respectively. Supply of the 22 items of people's daily necessities was basically assured. Supply of vegetables was fairly abundant. Last year, among the urban population, each person consumed an average of 25 jin and 3 liang of pork, and this amount supplemented by the cooked food supplied by restaurants and the labor protection and the collectives increased the average meat consumption by each person to 42 jin. Sales of bicycles, sewing machines, TV sets and other high- and medium-grade goods have been greatly increased. In addition to the increase of a number of network outlets by state-run commerce, there has also been a huge increase in collective and individual commerce, and in food, service and repairs trades which helped

promote economic development and provided greater conveniences for people's daily life. In our efforts to strengthen the supply of the means of production, we have overfulfilled the plans for bringing in the 10 principal items of raw and semifinished materials and fuel and organized for large quantities of unplanned material resources to be brought in. Market prices were basically stable, and there were no increases in the prices of people's daily necessities, rents, and fees for the supply of water and electricity and for transportation. The products procured by the state at increased prices were sold without corresponding price increases through the method of subsidizing. Last year, the province spent nearly 1 billion in subsidizing the sales of grain, edible oil, eggs, meats and vegetables. The margin of increase in the general index of retail prices was smaller last year than the year before and also slightly smaller than the national average. For some time last winter, there were unauthorized price increases, or disguised price increases. The situation was improved after several large-scale price inspections in accordance with the State Council's "Notice Concerning Resolute Measures for Stabilizing Market Prices." There are now still certain elements of price instability, and the work of price control should be further tightened.

In procuring commodities for export in foreign trade, the province spent 2.78 billion yuan while the main ports spent \$4.34 billion, being 19 percent and 20 percent above the planned figures and 5.3 percent and 9.2 percent more than the previous year respectively. The ratio of light and textile products for export was higher, and progress was made in processing imported materials, assembling imported parts, importing technology and key equipment, joint ventures and compensatory trade. More than 18,000 foreign tourists visited the province last year, and we received some 6.74 million yuan from this source.

5. We achieved a basic balance between revenues and expenditures. In various regions, departments, enterprises and public agencies, the masses were extensively mobilized in a campaign to increase production and revenues and to curtail expenditures. The annual revenues totaled 7,767,000,000 yuan last year, being 461 million yuan short of the requirement for the necessary tasks and 9.7 percent less than the previous year. There were many causes for this decrease of revenues, but the more important ones were the planned reduction in heavy industrial production and the increase in the procurement prices of agricultural products without corresponding increases in the retail prices, thus increasing the amount of financial subsidy. The collection of industrial and commercial taxes in the province last year was satisfactorily completed, and the revenues from this source exceeded the planned figures by 1.7 percent, a 3.5 percent increase over the previous year. The expenditures totaled 2,665,000,000 yuan, a reduction of 21.9 percent below the previous year, showing our ability to meet the demand for reduced expenditures. Support and aid from the State Council enabled us to achieve a basic balance between revenues and expenditures in local finance. Plans for bank credit and cash handling were all fulfilled through our efforts to develop the national economy.

6. We made new progress in scientific, technological, cultural and educational undertakings. By implementing the policy of scientific and technological



development, we closely coordinated the work in science and technology with the development of the national economy. Through painstaking research and great efforts in tackling key problems, the broad masses of scientific and technical personnel won more than 1,400 scientific achievements, including more than 700 important ones. The high vacuum electronic beam welding technique as the result of research by the Shenyang Metal Research Institute affiliated with the Chinese Academy of Sciences; the catalyst for the control of space flying manufactured by the Dalian Chemical Physics Research Institute; the microcomputer jointly manufactured by the Liaoning University and the Fushun Aluminum Plant; the production of gypsum with the tail gas of sulfur dioxide by the Shenyang Smelter; the air cooling separator manufactured by the Yingkou Municipal Ossification Institute; the method of metal plating (which is free from corrosion) discovered by the Xisi Electric-Chemical Metal-Plating Plant in Haicheng County; the fixed isomerase manufactured by the Shenyang Municipal Food Fermentation Institute; and the Liaoyou No 1 hybrid rice cultivated by the Rice Crop Research Institute of the Liaoning Academy of Agricultural Science and other units are all advanced standards in the country. More than 800 scientific achievements were popularized last year, thus giving a strong impetus to the development of agricultural production. The technique of covering cotton and peanut crops with plastic sheets, which has been popularized, has already yielded remarkable results. The restructuring of various systems of scientific and technological management has also made new progress, while academic exchange, publicity on the popularization of science and technological consultations have become increasingly active.

Education continued to develop in the process of readjustment. Enrollments for institutes of higher learning, workers' universities, TV universities, correspondence universities and night universities have increased. The structure of secondary education has undergone very significant changes, and the number of secondary vocational school students amounted to 41 percent of the total number of high and secondary school students. Industrial and agricultural education has also developed rapidly, and the number of workers and peasants receiving such education continued to increase. Compared with the previous year, investment in education was increased. We built or repaired some school dormitories and further improved the conditions of school management. Through consolidation and training, the rank of teachers has been further strengthened, resulting in better teaching quality and ideological and political work. The atmosphere in schools and the procedures in teaching have further improved.

In the public health departments, the quality of medical service has been improved after the reorganization and consolidation of the medical structure. We actively launched campaigns to prevent endemic diseases and to protect the health of women and children in addition to the mass patriotic public health movement. Last year, the work of family planning was carefully attended to in various localities and many measures were adopted for this purpose. However, the natural population growth rate in the province was still more than 1 percent. This situation should deserve our urgent and serious attention.



In literature and art, we firmly adhered to the orientation of serving the people and socialism, and some good works and plays were created and staged. The movie "New Shore" and another 46 titles were rated as fine theatrical works of the province. We also won great achievements in sports. Last year, 8 athletes won championships in 18 events in an international contest and earned a high reputation for the motherland. The sports participants from the province also won 105 gold medals in various international and national tournaments. Furthermore, we won outstanding success in newspapers, publications, broadcasting and television shows.

7. People's livelihood was further improved. Along with the development of production, people's clothing, food, housing, travel and cultural life have all been improved in varying degrees. Apart from the disaster areas and some production teams laboring under hardship, the peasants in most of the areas in the province had increased income. According to an estimate, each rural commune member could have received an average of 126 yuan from the collective economy. With the addition of their income from household sideline occupations, the total average income could be as high as 241 yuan, an addition of 34 yuan or an increase of 16.4 percent over the previous year. A total of 600,000 unemployed people in the cities were given jobs, and the total wages of all workers and staff members in the province increased by 7.7 percent over the previous year. Revision of payscales for secondary and primary school teachers and for some medical and sports personnel began early last winter and is still being carried out. The new payscales will be retroactive from October of last year. Some 5.4 million square meters of floorspace have been completed in the cities and are now being used. More than 100,000 families have moved to their new homes. In the countryside, the commune members completed some 15 million square meters of floorspace. Savings deposits in the urban and rural areas throughout the province totaled 3.25 billion yuan, a 32.1 percent increase over the previous year. Rural savings deposits accounted for more than 988 million yuan in this amount. The governments at all levels in the disaster areas in western and southern Liaoning actively supported the people in these areas in developing production as a means of self-relief. Because of satisfactory arrangement made for their daily life, the victims of disasters are now striving to resume and develop production with ease of mind.

8. Both social morality and social order have shown improvement. Thanks to the intensification of ideological and political work, the in-depth education in upholding the four basic principles, the extensive campaigns in "five stresses and four points of beauty," in "learning from Lei Feng [7191 6912] and establishing a new work style" and in "warmly cherishing the motherland, socialism and the party" and other mass educational activities, a new change has taken place in people's spiritual outlook, and a large number of advanced people and exemplary deeds of hard working, selflessness, courage in defending justice and pleasure in helping others have emerged on various fronts. With the Chinese women volleyball team as their paragon, the broad masses of people have pledged to make every contribution they could to the prosperity of the motherland in order to make China strong. The public security and judicial organs, working in close coordination with the relevant departments and relying on the help of the broad masses have further strengthened their comprehensive control over social order. In many localities,

active criminals who had seriously jeopardized social order were heavily and swiftly punished according to law. We launched extensive campaigns in publicizing the legal system, in educating the people about it, and in forbidding gambling and feudal superstition; and paid particular attention to the education, redemption and persuasion of misguided youths. Social order in both urban and rural areas has improved and people's feeling of security has been enhanced.

Our achievements and progress during the past year have proved that the line, principles and policies adopted since the 30 Plenary Session of the 11th Party Central Committee are entirely correct. Practice has also proved that as long as we closely rally around the party Central Committee, eliminate the influence of the "leftist" ideas, and firmly carry out the party's line, principles and policies, we can certainly triumph over all difficulties before us and win even greater victories for the causes of socialist construction. The victories won on various fronts in the province last year did not come the easy way; they were the result of hard struggles by people of various nationalities in the province who were united as one under the leadership of the party committees and people's governments at various levels. These victories were also inseparable from the strong support given by the PLA units stationed in Liaoning and the fraternal provinces and municipalities. In the past year, the PLA units stationed in our province won outstanding achievements in defending the four modernizations, supporting industrial and agricultural production, preserving social order, strengthening militia building, and supporting the government and cherishing the people. Particularly during the serious flood in southern Liaoning and Benxi, these PLA units immediately dispatched a large number of commanders and fighters to join in the struggle against the flood and in the rescue work, during which, many advanced collectives and individuals emerged. They also sent huge quantities of supplies in aid of the victims and made important contributions in helping these victims promote production as a means of self-relief and to rebuild their homes. On behalf of the provincial people's government, I wish to express our heartfelt thanks to the broad masses of commanders and fighters of the PLA units stationed in Liaoning! And our deep respect to the workers, peasants, intellectuals, cadres and patriotic personages who are struggling on the agricultural, industrial-communications, capital construction, finance and trade, scientific and technological, cultural and educational, public health, sports, public security, judicial, foreign affairs and other fronts!

Fellow Deputies:

Despite the great achievements won last year, there are still many defects and problems in our work. Because of the large-scale reduction of heavy industrial output last year and the poor economic results among many enterprises, our revenues were reduced and we were confronted with many difficulties. These problems could be attributed to such objective factors as reduced production according to state plans, the shortage of energy and fuel, and the increased prices of some raw and semifinished materials, as well as certain shortcomings in our work. The main cause is that in providing leadership, our provincial government did not have a comprehensive understanding of the policy of a further readjustment of our national economy. Our minds were not

sufficiently emancipated, and the steps we took were not bold enough. Consequently, in studying and handling the new conditions and new problems emerging in the course of readjustment, the action we took was not prompt and forceful enough. There were also laxity and flabbiness in certain quarters so that no timely and strong measures were taken in dealing with the state of lassitude among the leading bodies of some departments and enterprises, or with the illegal activities and unhealthy tendencies in the economic sphere. Our social morality and social order have not been fundamentally improved, and our work style still contains some elements of bureaucracy. We have not done enough of going deep among the basic level units and among realities to help these units solve their problems. In the government structure, there are still such problems overlapping and over-staffed administrations of low efficiency. All these problems should be thoroughly solved in our future work.

#### Tasks for 1982

In 1982, the people's governments at all levels and people of all nationalities in the province should continue the implementation of the "Resolution" of the 6th Plenary Session of the 11th Party Central Committee, and the spirit of Premier Zhao Ziyang's "Report on the Work of the Government" delivered at the 4th Session of the 5th National People's Congress. They should unswervingly carry out the 10 principles for economic construction, simultaneously attend to socialist material and socialist cultural developments, open up new prospects for our work in Liaoning, and strive for even greater progress in various fields of work.

I. Bring into play the strong points of heavy industry, vigorously develop agricultural and light industrial production and enable our province to make steady progress in the course of national economic readjustment.

The 10 principles for economic construction announced by Premier Zhao Ziyang in the "Report on the Work of the Government" before the 4th Session of the 5th National People's Congress embody the integration of Marxism-Leninism-Mao Zedong Thought with the new conditions and new practice in China's economic construction, and is a scientific summation of the experiences in economic work over the past 32 years since the founding of the People's Republic, and particularly during the past 3 years. They constitute the program of our economic work in our country for a long time to come. Implementation of these 10 principles of economic construction will completely free us from the shackles of the "leftist" ideology in economic work. It will also help us solve the core problem of improving economic results in economic work and embark on a new road which will lead to better economic results through a more practical speed of development, with more real benefits for the people. This will ensure the smooth progress of the national economic readjustment, and, on such a basis, accelerate the development of the national economy, so that we can strive for a period of economic rejuvenation within the last 10 years of the century.

The key to the implementation of the 10 principles for economic construction and to new prospects for our work lies in a correct understanding of the

conditions in the province, in fully mobilizing the strong points of heavy industry in Liaoning, in giving full play to the role of the existing enterprises, and in fully tapping the potential of agricultural economy in order to bring about coordinated developments in heavy industry, agriculture and light industry.

In the past 32 years since the founding of the People's Republic, our province has been gradually built into one of the important heavy industrial bases of the country under the leadership of the party Central Committee and the State Council. This strong heavy industrial base has become an outstanding superior feature of our province. In 1981, heavy industry accounted for 62.5 percent of the total industrial output value in the province; the taxes and handed-in profits from the heavy industry accounted for 75 percent of the total provincial revenues; and the personnel in the heavy industry account for 68.9 percent of the total industrial personnel in the province. The fixed assets of our heavy industry ranks first in the country, and its capacity in steel and iron smelting and crude oil processing accounts for about one-quarter of the national capacity. The question of heavy industrial development in Liaoning has not only a decisive effect on the rate of national economic development in our province, but also a bearing on the economic construction of the whole country. Therefore, we must pay great attention to heavy industry in the province. While bringing into play the strong points of heavy industry, we should also vigorously develop agriculture and light industry as the basic and important conditions for heavy industrial development.

In accordance with the spirit of Premier Zhao Ziyang's "Report on the Work of the Government" and based on the realities in the province, the main task of economic construction in our province during 1982 is to continue the comprehensive implementation of the policy of "readjustment, restructuring, reorganization and upgrading," and to make every possible effort to improve economic results in the spheres of production, construction and circulation. We should also strive to fulfill all the national economic plans, to maintain a steady rate of development, and to achieve a balance between receipts and expenditures in finance and credit and a basic stability of commodity prices in order to bring about more coordinated developments in economic construction, science and technology, culture and education, public health and other undertakings. For this year, the target of total industrial and agricultural output value in the province has been set at 53.2 billion yuan, a 3.4 percent increase over last year. This includes 6 billion yuan, a slight increase over last year, for agriculture and 47.2 billion yuan, a 3.5 percent increase last year, for industry. Our goal is to ensure a 3 percent increase, to strive for a 4 percent increase, and to hope for a 5 percent increase.

To accomplish these tasks, we must do the following items of work well:

1. Accelerate the all-round development of agriculture. Agriculture is the foundation of the national economy. In a province where heavy industry is predominant and with a large urban population, it is all the more necessary that agriculture be promoted. Historical experiences have proved that every year of good agricultural harvest has been a period of happy days for the

people. Recently the consecutive years of bumper harvest in the province have provided excellent conditions for the development of the entire national economy and the improvement of people's livelihood, much to the gratification of the urban and rural population. The broad masses of rural cadres and commune members should continue their efforts in actively combating all forms of natural disasters in order to win an all-round good harvest this year. In 1982, there should be in the province a 3 percent increase in the total output of grain and beans, and a 7 percent increase in income from economic diversification, compared with last year. The average income of each peasant from collective distribution is planned at 140 yuan, and the average individual income in one-third of the production teams should be as high as approximately 300 yuan.

To accomplish these agricultural production tasks, we should continue to rely on, first, correct policies and, second, science. We should continue to implement the various rural policies of the party, consolidate and perfect various forms of the system of responsibility for agricultural production, continually sum up the new experiences, and study the methods of handling the new conditions and new problems that may emerge in practice. We should ensure that the socialist collective road, the system of public ownership of the means of production--including land--and the system of responsibility for production under the agricultural collective economy will remain unchanged for a long time, and further arouse and keep up the enthusiasm of the broad masses of peasants in production. Agricultural production should still be mainly guided by the planned economy supplemented by the regulative role of the market. The production teams should plan their production in accordance with state plans, and must be sure to fulfill all the tasks of planting, breeding, unified procurement and quota procurement according to state plans.

For the all-round development of agriculture, we must open more avenues of production. Provided a steady increase in grain output is guaranteed, we should develop economic diversification. After several years' readjustment, the acreage for grain and cash crops is now generally rational, and there should be no further reduction in the acreage for grain in future. The development of cash crops will mainly depend on the increase in output per unit area and on the use of hilly areas, wasteland and the territorial waters. People in the suburb areas should plant vegetables in accordance with state plans, correctly handle the relationship between vegetable production and industrial sideline production, and uphold the principle of taking vegetables as the key link and supporting vegetable production with industrial sideline production. The present acreage for growing vegetables must not be reduced. The development of animal husbandry is an important aspect of agricultural development, and the development of livestock with pig raising as the central task, the raising of fowl, and the breeding of sea water and fresh water products should be encouraged in order to produce more meat, eggs, milk, fish and other nonstaple foods. We should continue to develop the production of commercial grain and edible oil; promote animal husbandry, forestry, the growing of fruits and the raising of silkworms; and set up bases for processing nonstaple foods and supplying light and textile industrial raw materials. We should also carefully manage the commune-run and production brigade-run enterprises, the state farms, and the agricultural-industrial-commercial integrated enterprises; carefully attend to the work

of agricultural mechanization, control and use the farm machinery to good advantage, develop the production of small farm machines and tools, actively expand the areas for sowing with machines and for intertilling, sum up and popularize the experiences of agricultural mechanization under the new conditions.

People throughout the province should be mobilized in tree-planting so as to implement conscientiously the "Decision Concerning the Afforestation Drive by the Whole People." This year, the province plans to afforest some 3 million mu with particular attention to the survival rate and their protection. We should be careful with the nurturing of saplings so that there will be enough of them to be supplied for the development of forestry. Efforts must be made to complete the task of planting the three shelter-forests in the north. Effective measures should be adopted for protecting our forestry resources, while indiscriminate felling must be strictly prohibited.

To strengthen the protection of water and soil, we must resolutely stop the reclamation of land on the mountain slopes and in the prairies, so that prairies can be built in a planned way. While effectively controlling and using the existing water conservation facilities, we should further increase the small farmland irrigation projects so as to continue the improvement of conditions for production. We have poor water resources in the province, and its scarcity is being keenly felt in people's daily life as well as in industrial and agricultural production. The rational use of water resources and their exploitation must be included in our meeting agenda. We must strongly encourage water conservation, pay attention to the protection of water resources, and guard against water pollution. We must strictly control capital construction and the use of land by the commune members for building houses, protect the vegetable fields in the suburbs, carefully cherish and rationally use every inch of land.

For the all-round development of agriculture, we must highly regard the study and popularization of agricultural science and technology. At present, the broad masses and peasants are very enthusiastic in learning about science and its application, and are making new demands on agricultural science and technology. We hope the agrotechnicians will work closely with the peasants in a common effort to popularize the fine strains, to improve the farming methods, to use barnyard manures and chemical fertilizers in a rational way, to popularize agricultural mechanization selectively, to strengthen education and training in agrotechnology and agricultural scientific knowledge, and in raising the technical level of agricultural production. In meteorology, the work of weather forecasting should be strengthened so as to increase its accuracy and to give full play to the role of meteorology.

The huge area in the western part of the province is favorable for the development of grain and cash crops as well as animal husbandry. However, the frequent spells of drought have brought serious difficulties in agricultural production. Therefore, we must rationally exploit and utilize the resources in the western region and set this region in good order for production as an important long-term task. We must conscientiously carry out the "Directive Concerning Strengthening Agricultural Facilities in the



Chaoyang Prefecture and Quickly Ending Its State of Poverty" issued by the provincial party committee and the provincial government. The broad masses of cadres and people must display their spirit of self-reliance and hard struggle in improving the facilities for production. The various departments under the provincial government must give every support and assistance in jointly surmounting the difficulties and in accelerating the development of the western region for production and construction.

At present, the countryside throughout the province should lose no time in attending to spring farming and production. Many regions, particularly the western region, are now experiencing long spells of drought, and the situation is serious. We must mobilize the broad masses of cadres and people to pool their resources with a united will, to display the spirit of triumphing over the natural forces, and to struggle with the spring drought and other natural disasters in order to win the battle of spring farming and production and to lay a good foundation for a bumper harvest this year.

2. Further promote the readjustment and production in heavy industry and actively develop light industry. Promoting the heavy industry and bringing its strong points into full play are necessary for opening up new prospects for the economic construction in the province and for maintaining a certain growth rate during the readjustment as well as for enabling Liaoning to make great contributions to the state. Therefore, we must make great efforts for the readjustment of heavy industry and for its production. We must further readjust its service orientation, change its product mix, control the production of goods already in excessive supply, increase the production of goods in short supply, and strive to raise their quality and increase their varieties. After due investigations and study last year, the province worked out separate plans for the readjustment of metallurgy and the coal, petrochemical and machinery industries. This year, we must energetically organize our forces to carry out these plans in order to achieve quick results.

In metallurgic industry, we must actively manufacture and produce new fine-quality steel materials, increase the output of urgently needed consumer goods--such as strip steel, steel plates, other steel materials which are in short supply--and nonferrous metals. In order to bring the strong points of heavy industry into play, we must make some new breakthrough in the machinery industry. This year, our machinery industry should take new steps in serving agriculture, light industry, the market, technical transformation and export. Attention should be paid to the technical transformation of machinery industry itself so as to accelerate the upgrading of its products and to increase their competitive power. We should continue to uphold the "10 buying and 10 sellings" principle, plan our production in accordance with the consumers' needs, strive to increase the export of products and thus revitalize our machinery industry. In the petro-chemical industry, we should strongly encourage the comprehensive utilization of petroleum resources and actively increase the production of chemical fertilizers, insecticides, plastic sheets and other raw materials needed for the support of agriculture and light industry. Since our crude oil processing has been lowered below last year's level, we must devote our efforts to its intensive and meticulous processing in order to produce more high-grade oil. In the building materials industry, we should increase the production of cement, plate glass, toilet ceramics.



and so forth; manufacture and popularize new types of building materials, and produce more building materials urgently needed for building houses in the countryside. In communications and transportation, we must be sure that the transportation is planned, rational and balanced, and that the transfer of coal, petroleum and the other key materials are properly handled. We should promote the system of joint transportation and large-scale coordinated transportation, expand the scope of joint land and sea transport at Dalian harbor, and ensure the completion of all domestic and foreign trade transportation tasks. Posts and telecommunication facilities should be quickly improved so as to raise the efficiency of communications. In national defense industry, we must conscientiously implement the policy of combination of military and civilian needs or wartime and peacetime needs, with higher priority for military products, and using civilian production to support military production. We must ensure that the tasks for the production of military products and the related scientific research are completed and at the same time continue to expand its activities by increasing the production of civilian products.

Active development of consumer goods production is of great significance in meeting people's daily needs, bringing prosperity to the market, withdrawing currency from circulation, increasing revenues and creating job opportunities. Production of consumer goods was greatly increased in our province in the past 2 years. However, because of our huge urban population and the rapid increase of income for the rural commune members, the supply of consumer goods still cannot keep up with the increase of the social purchasing power. Therefore, we must continue to regard the increase of consumer goods production as an important matter, and, based on the special characteristics of Liaoning, use heavy industry to help light industry which in turn should prompt the development of heavy industry so that, under unified state planning, the development of consumer goods production can be further accelerated. We must continue to carry out the plans and measures adopted at the second provincial light industry conference, promote the production of small machines, metal wares and chemical industrial products for daily use, foodstuffs, textile, silk, and electronic products, toys and others totaling 60 items under 40 categories and belonging to 10 different trades. There should be fairly large increase in the production of goods now in short supply on the market, the important spare parts for key products and the coordinating parts required for arts and crafts. The quality of these products should show marked improvement, and efforts should be made to produce more easily marketable goods of fine quality and low prices, and with new designs and greater varieties. We should strive to raise some products to advanced domestic levels or above international levels. There should be also a big development in the food industry producing baby food, drinks, bean products, candies and pastry. The chemical industry producing daily necessities should make its comeback, and the resources of all trades and undertakings, with Shenyang, Dalian, Dandong and other large cities as their bases, should be mobilized to quickly promote the production of detergents, toothpaste, essence and spices, and toilet articles. To meet the requirements of urban and rural markets, we should produce more articles for children, and restore or develop the production of minor commodities.

We must vigorously develop collectively owned industry in the cities and towns as well as the communes and production brigades, since it is an important factor in the coordinated development of national economy in our province. We have good prospects and potential for the development of collective economy. We must make full use of all industrial waste, leftover bits and pieces, mineral resources and agricultural sideline products to set up various types of processing industry and particularly enterprises requiring high labor intensity and low energy consumption, but yielding quick results. In localities where conditions are favorable, the communes and production brigades should be organized to open small mines. In developing collectively owned industry in cities, towns, commune and production brigades, we must provide active guidance in order to prevent any rash action.

3. Strive to improve capital construction investment returns. This year the province invested 2.26 billion yuan in capital construction, including 1.30 billion yuan, an increase of 110 million yuan over last year directly arranged by the state. According to the state budget, the investment for localities under an overall arrangement totaled 150 million yuan, a reduction of 9 million yuan below last year. The target of self-raised funds in the localities was approximately 700 million yuan. The investment directly arranged by the state is mainly intended for developing energy and transportation facilities and for maintaining simple reproduction in metallurgy, chemical mines and so forth, while the investment arranged by the localities is mainly intended for agriculture, cultural and educational activities, public health work, housing--which is urgently needed in people's daily life--and urban construction besides strengthening the weak links in the sphere of circulation. This year, there are 38 large and medium-size projects in our province, mostly for strengthening the weak links in our national economy, such as coal, electricity, oil and transportation. Speedy completion of these projects is of great significance in accelerating the development of national economy in the province. Therefore, we must ensure their on-schedule completion.

We must firmly adhere to the capital construction procedures, and pay great attention to the advance work and feasibility study. Nobody can without authorization approve any capital construction project, and the starting of new projects must be strictly controlled.

The serious problems in our capital construction at present are the long construction period, the poor engineering quality, the high construction costs and the serious waste. Therefore, in planning, designing, construction, material supply and the control of funds, we must adopt effective measures to improve the investment returns by shortening the construction period, raising the engineering quality and lowering the construction costs.

4. Pay great attention to energy production and energy conservation and raise the utilization rate of energy. Energy shortage is the key problem in the national economic development in our province, and the solution of this problem has a close bearing on our ability to maintain a fairly high rate of growth for the national economy in the province and to make better use of our industrial bases in future. Therefore, we must make great efforts in energy production and conservation.

This year, the state has arranged for this province to produce 35.1 million tons of coal--30 million tons from state-controlled mines and 5.1 million tons from other mines. The broad masses of workers and staff members on the coal front must continue their efforts to fill the gap previously left in tunneling and stripping. While attending to readjustment in the coal mines, they should keep up their regular and safe operation and strive to increase the coal output so as to ensure the fulfillment of the state's production plans. We should highly regard and support the small local coal mines in an effort to overfulfill the production plan by a wider margin. We should also strive to fulfill the production plans for crude oil and natural gas. In the electric power industry, we should adopt effective measures to guard against serious accidents and to ensure safe generation and supply of electricity. Under normal conditions of operation, we should also strive to generate more electricity to meet the requirements of production and construction. In the eastern mountainous and rural areas where water power resources are available, we should set up small hydropower stations. In the countryside throughout the province, continued efforts should be made to produce marsh gas.

Fuel shortage is still serious this year, since the coal and fuel allocated by the state for this province are 2 million tons and 380,000 tons respectively short of our actual needs. We must exploit as well as conserve our energy resources, and give priority to conservation in the immediate future; and strive to increase production at high speed along with energy conservation. Scientific management of energy should be strengthened, and for this purpose, advanced average quotas should be worked out for coal, oil, electricity and water consumption. These materials should be supplied according to quotas, so that supplies within the quotas will be charged at the regular prices, and above quota supplies will be charged at prices 50 percent higher. We must pay special attention to the technical transformation of the old equipment and production technology which are backward and require high energy consumption, and actively popularize such measures as combining central heating with thermopower generation and the utilization of residual heat and poor-quality fuel. Industrial enterprises should universally adopt the method of water recycling. We should extensively and intensively mobilize the masses to economize the use of coal, electricity, oil, gas and water and try every possible way to lower energy consumption.

5. Carefully attend to the overall reorganization of enterprises. The reorganization of enterprises is an important measure for developing the resources of existing enterprises and improving their economic results. In accordance with the "Decision on the Overall Reorganization of State-run Industrial Enterprises" by the party Central Committee and the State Council, all regions and departments should in a planned and systematic way, reorganize the existing enterprises by separate groups and stages, taking into account the experiences gained in selected units and their popularization in other units, and centering around the reorganization of the leading bodies with the improvement of economic results as the central task. Vigorous reorganization of enterprises is required not only on the industrial, transportation and capital construction fronts, but also in all trades and undertakings including finance and trade in various aspects. This year, our main attention should be directed to the reorganization of the 94 backbone

enterprises in industry, transportation and capital construction in the province because of their close bearing on the overall national economy. The other enterprises should take the initiative of solving their own problems in the light of realities. The province, municipalities and prefectures should pick out some cadres to be organized into basic-level inspection groups. They should go to the key enterprises to assist in the reorganization, to sum up the experiences, and to direct the reorganization of other enterprises. One of the important aspects of the reorganization enterprises is to set up and perfect the system of economic responsibility. First, the responsibility of the enterprise to that state and the responsibility of workers to the enterprise must be clarified, with particular stress on the system of responsibility within the enterprises so that every person will be assigned to a post which carries some responsibility. Rational base figures should be worked out for the quota system and fair ratios should be set for the sharing of above-quota profits so as to ensure a greater share for the state. Individuals cannot expect to gain too much all at once. Practice has proved the correct orientation and good effects of the system of economic responsibility. If this system is properly carried out, the enterprise will gain new vitality in its operation. All enterprises should carefully note the experiences of setting up "five-good enterprises" and the Daqing-type enterprises, establish and strengthen the system under which the factory director assumes full responsibility under the leadership of the party committee and the system of congresses of workers and staff members. These enterprises should also intensify the ideological education and technical training for their workers and staff members. Through overall reorganization, there will gradually be formed a system of democratic and centralized leadership, a contingent of workers and staff members who are both Red and expert, and a scientific and civilized management. They will then be able to fulfill the state plans in an exemplary way and become "six-good" enterprises--namely, good at considering the interests of the "three parties" [the state, the enterprise, and the individual workers]; good-quality products; good economic results; good labor discipline; good at civilized production; and good in political work. We should pay great attention to the typical examples and sum up, exchange, and popularize the advanced experiences in reorganizing enterprises according to different trades. The enterprises should launch a "compare, learn, catch-up, help and overtake" socialist emulation with learning from the advanced as the main feature. We should combine the reorganization of enterprises with their readjustment and restructuring. Those enterprises whose products are excessive to the current demand and are of inferior quality; whose energy consumption is high; and who have long been operating at a loss, should be closed, suspended, merged or retooled according to the circumstances, so that the limited energy resources and raw and semifinished materials can be first used by others whose products are of fine quality and whose energy consumption is low. Those whose products have been already overstocked should be asked to restrict or to suspend their production. They must not one-sidedly strive for high output in the face of huge stockpiling. The phenomenon of "good news from industry, sad news from commerce, overstocking of goods and poor revenue" of the past must not be repeated.

We must continue to restructure the system of economic management in an active and steady way, further consolidate the gains from the expansion of decisionmaking power for enterprises, and develop various forms of economic integration in accordance with the needs of specialization and coordination and the requirements for production and by breaking through the barriers between different regions, different departments and different systems of ownership. By these means, we will be able to arouse enthusiasm in various quarters to stimulate production.

6. Attend to the technical transformation of existing enterprises in a planned and selective way. Expanded reproduction should be based on the technical transformation of existing enterprises. This is a strategic measure to raise the technical level of production, to promote the modernization of existing enterprises, to gradually shift the entire national economy on to a new technical foundation and to give full play to the role of the industrial base.

There are many old enterprises in our province using obsolete equipment and outdated technology. The task of their technical transformation is a heavy one. We must conscientiously implement the State Council's "Decision on the Technical Transformation of Existing Enterprises Selectively and Systematically," proceed from the realities in our province, conduct investigations and study, work out plans, and start out with a number of backbone enterprises in some large cities and then gradually spread out the technical transformation. The focus of our work in technical transformation at present is to conserve energy and raw and semifinished materials, to change the product mix, to improve the products' performance and quality, and to use our resources in a rational way. The Anshan Iron and Steel Company and the industrial enterprises in Shenyang Municipality have been listed as the state's key units for technical transformation, and plans should be formulated and carried out accordingly. The specific plans and goals for the province this year are as follows: (1) Using the production of the highly efficient mechanical and electrical equipment for energy conservation as a breakthrough, we should popularize the use of the 50 types of energy-saving equipment already successfully manufactured and at the same time manufacture another 60 new products for the same purpose. (2) We should actively adopt and popularize technology to upgrade 200 types of mechanical and electrical products, and develop another 100 types of mechanical and electrical products in order to raise the technical level of our machinery equipment. (3) Carefully attend to the technical transformation and equipment renovation of some 100 key machinery enterprises so as to raise their level of machinery design and manufacturing techniques, and to increase the competitive power of their products. (4) We should boldly utilize foreign funds and raise domestic funds to import advanced technology and key equipment in order to carry out technical transformation among a number of small and medium-size enterprises. (5) We should continue to promote the production of some highly competitive products, brand-name products, and raw and semifinished materials in short supply among the light, textile and electronic industries, and help the oil refineries carry out projects of technical transformation in comprehensive utilization.

All enterprises should encourage the broad masses of workers and staff members to display the spirit of self-reliance, to conduct mass technical innovation and technical coordination, and to make rational suggestions. We should increase the sources of funds for technical transformation and strengthen the control and use of these funds. The funds earmarked for technical transformation must not be diverted to other uses. The general contract system to be practiced in technical transformation is an important measure for the enterprise to strengthen its technical transformation and to upgrade its equipment, and should be actively popularized in all regions and departments.

7. Increase revenues and curtail expenditures in order to maintain a financial balance. The target set by the state for the revenues of the province this year is 8.12 billion yuan, and the province has arranged for 7.8 billion yuan, a 0.4 percent over last year, to be used on the projects which must be accomplished. Therefore, we must make every effort to meet the state's planned target. The localities have planned to spend 2.34 billion yuan, a 4 percent increase over last year's actual expenditures, according to the comparable items. The task of financial revenues this year is going to be a heavy one, and we must be very conservative with our spending. We must make great efforts to promote production, to strengthen management, to tap potential and to improve economic results in order that our financial situation will turn out to be better than last year's.

To bring about a balance between revenues and expenditures, we must be careful with the acquisition, accumulation and use of funds. We should boldly mobilize the masses to increase production and to practice economy. Furthermore, we should adopt the system of all-round economic accounting, lower the production costs and raise the profit level. We must call on all industrial enterprises throughout the province to lower the production costs of comparable products by 1.5 percent below last year; and call on all commercial, supply and marketing and food enterprises to reduce their circulating expenses by 1-3 percent. All industrial enterprises which have been operating at a loss should reduce their losses by at least 50 percent this year. Financial supervision must be strengthened, and financial law must be strictly enforced against all forms of tax evasion. As instructed by the State Council, we should conduct effective large-scale financial inspections and improve the rules and regulations in order to bring about a remarkable improvement of the enterprises' economic results and to raise their economic and technical standards up to, or above their highest levels ever attained. We must step up our work in the collection and management of taxes and in supervision over profits so that all revenues due will be promptly collected and transferred to the treasury.

Control over various funds should be strengthened so that they can be used to better advantage. For the use of funds allocated for capital construction, tapping potential and carrying out technical innovation and transformation, supporting agriculture and administrative expenses as well as the circulating funds, the economic responsibility should be clearly specified. There should also be strict examinations to ensure their proper use so that these funds can produce better effects. We should also continue our strict control over institutional purchases.



This year, our province had to subscribe to treasury bonds totaling 235 million yuan, including 105 million yuan to be shared by various enterprises and public agencies and 130 million yuan to be shared by individuals. The broad masses of cadres, workers and staff members, and the commune members should be encouraged to subscribe to them in order that our task can be accomplished.

We should further restructure our financial system. The experiences of the system of "apportioning revenues and expenditures between the central and local authorities, while holding the latter responsible for their own profit and loss" should be carefully summed up. We should continue to adopt the system--under which the enterprise assumes responsibility for profits and losses--perfect the methods of profit retention, and further arouse the enthusiasm of the enterprises and their workers and staff members in increasing both production and revenues. Careful investigations and study should be conducted before the collection of new taxes, and experiments and preparatory work should be carefully carried out for the restructuring of the taxation system.

The control of bank credit should be strengthened and the bank's role in raising and using funds should be brought into play, so that they can offer better service and exercise more effective supervision in supporting production and construction. To raise more domestic funds, we should encourage savings deposits as a means of increasing the sources of funds and turning idle funds and consumption funds into construction funds. Strengthened control over credit will help to gradually change the phenomenon of possession of excessive circulating funds with slow turnover and serious waste. Insurance and trust business should be actively developed.

8. Strengthen our foreign affairs and actively develop our economic and trade activities with foreigners. We should actively establish friendly contacts with foreigners, promote economic, cultural, scientific and technological exchanges, and vigorously develop tourism. In dealing with foreigners, we must seriously carry out education in patriotism, internationalism, foreign policy and foreign affairs discipline, and continue to strengthen the foreign affairs contingent.

This year, the province plans to procure commodities totaling 2.84 billion yuan, a 2.2 percent increase over last year, for export, and the main ports plan to export \$4.41 billion dollars' worth of goods. We must strive to overfulfill these targets.

We must give full play to the strong points in our province by paying special attention to the export of metallurgic products, machinery, petro-chemical products, building materials and native, animal and aquatic products. We should also continue to bring into play the productive capacity of our arts and crafts, light and textile industries, and increase the export of arts and crafts, metal wares, chemical products for daily use, foodstuffs, textile products and garments. Business management of the export of commodities should be greatly improved and our production costs in foreign exchange must be reduced. To create the required conditions for expanding our exports, we



must set up special export plants and bases, and actively develop the production of highly competitive goods. Efforts must be made to absorb advanced foreign technology, to manufacture fairly competitive goods for export, to improve their quality and to increase their varieties so that they can be competitive in the international market.

Both industry and foreign trade departments should further implement the policy of "four integrations and two publicities" and jointly plan for production and for sales abroad. Every effort should be made for the success of the provincial export commodity discussion meeting to be held in Shenyang in March this year.

We should boldly develop such flexible trade activities as processing imported materials, assembling imported parts, processing according to supplied samples, compensatory trade and joint ventures. This year, the ratio of the export of finished products processed from imported materials had been increased by a wide margin. We should boldly utilize foreign funds, actively import advanced technology and equipment, and accelerate the technical transformation of small and medium-size enterprises. This year, we have planned to import 90 projects, and all regions and departments are urged to carry out these plans.

Governments at all levels should provide more active leadership over the work of economic and trade relations with foreign countries, and learn to utilize two different resources, to open two different markets and to master two different skills. The system of economic and trade contacts with foreign countries should be actively restructured so as to enliven our export trade. Transportation facilities at the ports should be improved through the combined efforts of the highway, harbor and foreign trade departments, and the role of the joint committee of Dalian port should be further developed.

9. Actively develop science and technology, culture and education, and public health work. To bring into play the strong points of heavy industry in our province and to ensure a certain rate of industrial and agricultural growth and better economic results, we must give full play to the role of science and technology. We must firmly adhere to the policy of closely combining science and technology with economic construction, proceed from the special characteristics of the national economy in our province, organize the scientific and technical forces in various quarters, and greatly strengthen their cooperation in jointly tackling the key problems--such as the problem of economic results--through comprehensive utilization in agriculture, heavy industry, energy resources, and light and textile industries as the principal means; and in improving environmental protection. The scientific and technological achievements already gained must be energetically popularized, and the popularization of the key items should be included in our plans. We must conduct active research in technical policies, more extensively develop our scientific popularization and technical consultation services, standardize measurements, and strengthen the work of earthquake forecasting and reporting so that science and technology can contribute to economic development and bring about better economic results.

Governments at all levels must attach great importance to education in order to train more people for the "two developments" Funds for education should be increased every year so that the progress of education can be maintained during the readjustment period. Plans for higher learning should be carefully worked out in the light of realities in Liaoning, and continued efforts should be made to reform the structure of secondary education. Secondary vocational education should be included in state plans so that vocational schools of various types in both urban and rural areas can be steadily developed. Vocational education should be provided in ordinary secondary schools. The popularization of primary education should be continued. Beginning at this coming autumn, there will be a gradual change to a 6-year system for primary education. Popular education is intended for all students, and the teaching quality has to be improved. The one-sided drive to get higher percentages of students into higher education must be guarded against. Schools of all types and at all levels must comprehensively implement the party's education policy so that there will be healthy moral, intellectual and physical developments among the students. Schools, families and the society should cooperate with one another in carrying out ideological and political work among the students, in strengthening their education in the "three loves [of the motherland, the collective and socialism]" and in developing civilized school activities. The teachers' rank must be further strengthened so as to raise the teaching standards. We should continue to run workers universities, broadcasting universities, TV universities, correspondence universities and night universities well and gradually set up a system of sparetime higher education for adults. To develop preschool education, we must make every effort to run nurseries and kindergartens well.

Culture and arts must be orientated to serving the people and socialism. We must implement comprehensively the various literary and art policies of the party, strengthen our literary and art contingent and enrich literary and artistic works. There should be a number of new literary and artistic works for the people to serve as their healthy spiritual nourishment. We should encourage mass cultural activities in the countryside, provide more cultural facilities at or below the county level, and further improve the conditions for rural cultural activities. We should also carefully run our newspapers, broadcasting, television, publications, movies, libraries, and museums, and protect our cultural relics.

Readjustment in the work of public health should be extensively carried out on the basis of experiments. The medical workers rank should be further strengthened, and the quality of medical treatment and service should be further improved. Various methods should be adopted to solve the problem of the shortage of hospital beds. We must actively launch a patriotic public health movement, strengthen the sanitary supervision and strive to improve the sanitary conditions of work, living and food, and to lower the rate of epidemics and occupational diseases. Prevention against endemic diseases should be stepped up. As for sports, we should pay attention to the discovery and training of talents during the fourth provincial sports meet and its preparatory stage and during our participation in the fifth national sports meet. We must cultivate and train our athletic talents and continue to raise the standard of the athletes. Mass sports should be encouraged and popularized in order to strengthen people's physical conditions.

10. Bring prosperity to the urban and rural markets and take good care of people's living conditions. This year, the social purchasing power in our province is estimated to be at 14.5 billion yuan, an increase of 1.34 billion yuan over last year, but agriculture and light industry can only increase the supply of commodities for the market up to the value of 900 million yuan. Thus there is still a wide gap between the increase in purchasing power and the increase in the supply of consumer goods. Therefore, the task of arranging supplies for the market to meet people's needs, withdrawing currency from circulation and stabilizing commodity prices is still a heavy one. We must step up our work in procuring and marketing agricultural sideline products, and all departments should cooperate with one another in improving the methods of procurement and in strengthening our procurement forces at the first line of action in order to facilitate delivery by the peasants. We should also improve our work in procuring industrial products. In handling the unified and the planned procurement of industrial products, the commercial departments should on their own initiative coordinate production with marketing and strictly follow state plans. They must pay particular attention to arranging for increased production and the supply of goods in short supply. They should also arrange for industrial products to be brought to the countryside and supply more commodities which are in great demand but short supply. The contract system should be actively promoted and the "contract laws" should be followed. Commercial advertisement should be used to promote business.

The supply of meat, vegetables and nonstaple foods to the cities and industrial and mining areas should be carefully attended to. This is an important means to stabilize the market and to take care of people's livelihood. We should carefully adjust the plans for the unified procurement and quota procurement of agricultural sideline products.

The channels of circulation should be further cleared. We must support a commodity circulation system having many economic sectors, many channels and many forms, but leave intermediate links, develop the leading role of state-run commerce and the supply and marketing cooperatives and continue to expand collective commerce and service trade besides suitably developing individual commerce and service trade. Particular attention should be paid to the development of commerce and service trade in the newly established housing areas in the cities, the countryside and the small towns. While bringing vitality to the agricultural and foreign trade markets, we should further strengthen market control, combat speculation and profiteering and protect legitimate trade.

We must implement conscientiously the State Council's "Notice Concerning Resolute Measures to Stabilize Market Prices" and the various stipulations. People's governments at all levels should provide more active leadership over price control, conduct large-scale checks on prices periodically, exercise strict price control, and further encourage the masses to exercise their supervision in order to ensure a basic price stability.

In accordance with the decision of the party Central Committee and the State Council concerning the employment problem, we should carry out comprehensively

the policy of a combination of recommendation by the labor department, voluntary organization for work, and looking for work individually. We should continue to use the methods of overall planning, combination of resources from both the central and the local governments, cooperation from various quarters and the sharing of a common responsibility in order vigorously to develop production and to provide more schooling facilities and job opportunities for the people seeking jobs in the cities. This year, the province plans to accommodate 400,000-500,000 job-seeking people. Since the state-run enterprises are already fully staffed, the main way to create job opportunities is by developing collective and individual economy. At the same time, we should mobilize forces in various quarters to provide preemployment training.

Housing construction in our province has been greatly developed during the economic readjustment. In the past 3 years, an annual average of 4.97 million square meters of floorspace was completed. This has been no easy task. This year, we should continue our efforts in raising housing funds, installing auxiliary equipment, improving the quality of construction, requisitioning materials in order to build as many houses as possible to be occupied as soon as possible. We should also carefully attend to housing plans for the countryside, provide technical guidance and supply the required building materials.

We should strengthen the planning and control of cities and firmly adhere to the policy of combination of state, collective and mass efforts in order to improve the urban public utilities, to further solve the problems of water and gas supply and transportation, and to improve the cities' appearance.

We should strengthen our work in environmental protection and popularize the experiences of the Anshan Iron and Steel Company in the comprehensive utilization of energy and other resources along with technical transformation, all beginning with the treatment of the "three wastes." We should continue to pay great attention to large polluted areas, the sources of pollution and the disposal of polluted materials. We must strictly guard against any new source of pollution so that the problem of environmental pollution can be gradually solved. Labor protection and safety in production should also deserve great attention so that the workers' good health and regular production can be assured.

On the basis of developing production, we should gradually improve the people's material and cultural lives. Since the production level in our country is very low and the state has difficulties, the people's standard of living cannot be raised too quickly. We must, however, first feed the people and then attend to construction. We have to rely on people's own efforts in carrying out welfare measures, and encourage the masses to raise their own funds, to pool their resources and to run various welfare projects well.

To ensure a gradual improvement of people's living conditions, we must persistently control our population growth. The practice of family planning is consistent with the basic interests of all people throughout the country.

This is going to be a peak year for births in our population, since the huge number of people born in the late 1950's have now reached the age of marriage and childbearing. Last year, 720,000 couples, doubling the number of previous years, were married in the province, and we are threatened with an upswing in the rate of natural population growth. This should be a matter of serious concern. Governments at all levels must strengthen their leadership in family planning and continue to encourage marriage and childbearing at an older age, fewer births, and eugenics. They should pay particular attention to family planning in the countryside and satisfactorily solve the new problems cropping up after the adoption of the system of responsibility for production. Vigorous propaganda and education and intensive and meticulous ideological work should be carried out and forceful measures should be adopted in meeting the demand of "only one child for every couple" so that the rate of later marriages will be raised to above 70 percent, the rate of family planning and one birth only raised to above 80 percent, and the rate of natural population growth controlled below 1.5 percent.

We must pay great attention to the census as planned by the State Council. This will be the occasion for a large-scale social survey which will provide data for the formulation of various policies and plans. Since the task is heavy and the schedule is tight, governments at all levels must provide active leadership for it to be accomplished.

We should also formulate our plans carefully for the Sixth 5-Year Plan in accordance with the State Council's plans.

In carrying out all these economic tasks, we must first of all stress better economic results. In his "Report on the Work of the Government" before the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang pointed out: "The crux of the problem is to do all we can to get better economic results in areas of production, construction and circulation." Poor economic results are a salient feature in our province's economic construction. Some main economic indices have not yet reached the highest level previously attained, and compared with some advanced regions, we are lagging far behind. Waste is quite serious in many enterprises and public agencies, and much can be done in improving our economic results. All economic departments and enterprises must fully recognize the importance of and the urgent need to improve economic results, mobilize all trades and undertakings, adopt effective measures, and make great efforts to improve economic results. The finance, banking, commodity price and statistics departments must play their supervisory role. Only through the improvement of economic results can we bring about a basic improvement in our financial and economic conditions, and increase our funds for construction. Only the improvement of economic results can enable our economic construction to embark on a new road of development at a steady rate with better economic gains and more real benefits for the people.

II. Promote socialist cultural development, raise the people's socialist and communist ideology, consciousness and morality.

While engaging in socialist modernization, we must strive for a high level of both material and cultural development. The two are inseparable. Only by

doing so can we ensure the sustained growth of the national economy and the socialist orientation of material development. Since the 3d Plenary Session of the 11th Party Central Committee, we have done a great deal of work in this direction, and our party style, social order and social morality have gradually improved. However, because of the long disruption by Lin Biao and the "gang of four," the corrosive effects of bourgeois ideas from abroad, the infiltration of foreign antagonistic forces, and certain defects in our work, the party style, social order and social morality have not been basically improved. Therefore, a high level of socialist cultural development is of great practical significance as well as far-reaching historical significance. Basically, it is the hallmark distinguishing our socialist society from the capitalist society and any exploiting society in the past. It is also a social political and ideological condition to safeguard our socialist economy and the future development of socialism as well as the common aspiration and ardent desire of the broad masses of politically conscious and upright citizens.

Cultural development covers a wide area, but it must have as its main content the following two aspects: one is the scope and level of development of education, science, culture, art, public health and physical culture; and the other is the orientation and level of the political, ideological and moral development of society. Now let me stress the latter aspect of the problem of cultural development.

Based on the plans of the Party Central Committee and the State Council, we must, under the leadership of the provincial party committee, strive for cultural development and bring about a marked improvement in social morality and social order this year.

1. Firmly grasp ideological education as the central link. We must lead and teach the broad masses of cadres and people to cherish the socialist and communist ideology, morality and attitude toward labor, to cultivate noble thoughts and feelings, a fine lifestyle and aesthetic standard, a conscious law-abiding spirit and a high sense of organization and discipline. They must consciously uphold the four basic principles, develop patriotism, have the national confidence to make China strong, and warmly cherish socialism. Since the state has certain difficulties in both financial and material resources during the national economic readjustment, our cadres and people should be concerned with the overall situation, persist in the principle of subordinating personal and partial interests to those of the whole and subordinating immediate to long-term interests, correctly handle the relationships between livelihood and production, between consumption and accumulation and between ideals and realities, display the spirit of hard struggle, and dedicate their wisdom and strength to the realization of their noble aspiration for the four modernizations.

2. Launch a more extensive and intensive mass "five stresses and four points of beauty" campaign. Such a campaign is now an important part of cultural development. This year, we must pay special attention to these three matters: First, we must improve environmental sanitation to get rid of the "filth." Publicity, supervision and control should be stepped up, and the law of



sanitation should be strictly enforced. The systems of clean up weekends for government offices and clean-up days for all the people should be maintained, and such activities as inspections, evaluations and emulations in sanitation should be widely promoted. The work of propaganda, education and control should be combined with the necessary punitive measures for an in-depth development of the patriotic public health movement. Particular attention should be paid to the sanitation of public places where human activities are concentrated in an effort to create a clean, neat and pleasing environment. The forestry departments should carry out the plans of tree-planting in the cities, and all government offices, army units, schools, factories, and neighborhoods should use their leisure to plant trees, flowers and grasses so as to purify the atmosphere and beautify the environment by covering it with a green mantle. Second, we must set up a good public order so as to eliminate "confusion." While continuing to streamline production order and work order, we should also stress good public order. We must further strengthen propaganda and education in socialist democracy and the legal system in order to strengthen the legal concept and the sense of discipline, to cultivate the virtue of being law-abiding, and to form the good habit of consciously upholding and preserving public order. At the railway stations, wharves, movie theaters, stores and other public places, every citizen should have civilized and good manners, give precedence to others out of courtesy, assist old people and children, and unite to help one another. They should have the courage to criticize and educate those who indulge in anarchism and ultraindividualism, disregard law and discipline, and jeopardize production order, work order and public order; and severely deal with those who violate the law. Third, we must improve the quality of service to eliminate poor service. The broad masses of store clerks, service personnel, bus conductors and drivers, medical workers and nurses, and policemen should play an exemplary role in forming civilized behavior and good manners. They should talk politely, be respectful to others, make things convenient for the masses, and offer good services. At the same time, all sections of the society should respect their labor and support their work.

In unfolding the "five stresses and four points of beauty" activities, governments at all levels should rely on the trade unions, the Communist Youth League, the Women's Federation, and other mass organizations and give full play to their roles. Different departments should set different goals consistent with the characteristics of their own work, conscientiously popularize the effective experiences, and adopt practical measures in different forms, which may appeal to popular taste, to turn the "five stresses and four points of beauty" campaign into a regular, institutionalized and mass activity. The "have three loves, behave like masters, win new merits and create a new workstyle" and "civilized enterprise" activities should be unfolded on the industrial-communications and capital construction fronts, while civilized business operation characterized by the "five-good enterprises," "six-good workers" and "civilized stores" activities should be promoted on the finance and trade front. Schools should promote the "learn from Lei Feng, create the three good's and set up new workstyle" and "civilized school" activities; town neighborhoods and the rural communes and production brigades should launch the "five-good families," "five-good



commune members," "civilized villages," "civilized neighborhoods" and similar campaigns; women should try to become "March 8 Red banner winners" and "good mothers"; and young people should emulate "new Long March pace-setters." Vocational ethics should be taught to the workers and staff members. In commerce, service trade, public agencies, and public health departments which are highly socialized and have extensive contacts with the broad masses, the workers and staff members should be encouraged to compile codes of behavior for their own trade and own units, and these codes should be gradually popularized after experiments. The countryside and the neighborhoods should work out "village regulations and people's pledges." All these are good forms of self-education for the masses, and we should give full play to their role in changing the old habit and customs and in creating a new atmosphere.

3. Strengthen social security and further stabilize social order. While looking at the signs of improvement in social security in the province last year, we must also fully recognize the arduous task of striving for a fundamental improvement and cannot afford to take this task lightly. This year, we must strive for a reduction of various types of criminal cases and a marked reduction of exceptionally serious cases. The percentage of reformed juvenile delinquents must be raised and the number of crimes should be drastically reduced, along with the reduction of cases of disturbances of peace or serious accidents. We must make great efforts to bring about a striking improvement in social security in the province.

The leadership at various levels should personally attend to the organization of forces in various departments and various quarters, and adopt different forms to popularize the system of responsibility for the preservation of peace. There should be a combination of resources from both the central and the local governments with separate responsibility for each party in order to carry out "comprehensive control" effectively. On the basis of investigations and study, all regions and departments should classify the state of security in their affiliated units under different categories. They should commend the goods ones and promptly popularize their experiences. The poor ones should be reorganized by groups at different periods and a time limit should be set for them to show their improvement.

Intensive education for the young people is the central link of success for the "comprehensive control." We must show great concern for the healthy growth of young people, pay close attention to their state of mind, provide active guidance and education according to their personal characteristics, and take preventive measures against crime. All government offices, schools, factories, mines, enterprises, and all organizations exercising political power at the basic levels should consider the education of young people as their own unshirkable responsibility, cooperate with one another in their work, and conscientiously carry out the measures of assistance and education particularly for the misguided youths. Secondary and high schools should include education in the legal system in their curricula and give lessons on law. Proceeding from realities and in accordance with the students' characteristics, primary schools should also teach about personal virtue, social ethics and common knowledge of law so that the students can form the habit of being law-abiding at an early age.

It is the duty of the public security and the judicial organs to preserve social peace and to create a good working environment and a good social order for the socialist modernization drive. In consolidating social peace, the public security and judicial departments should consistently carry out the policy of attacking the minority and winning over, dividing and reforming the majority; and the basic policy of combining punishment with leniency, and leniency to those who confess their crimes and severity to those who refuse to do so. The active counterrevolutionaries must be promptly punished according to law. The active criminals in cases of homicide, robbery, rape, and criminally caused explosion and arson which seriously disrupt social order should be heavily and swiftly punished according to law. The places for reform and education through labor are the schools for reforming and educating criminals. We should further improve their functions for the purpose of reform and redemption and endeavor to make them more effective.

Forceful measures should be adopted to proscribe and crack down on gambling and feudal superstition. Lavish spending on weddings is now common in the cities and even more so in the countryside. We must strengthen education and encourage new styles of wedding. We must conscientiously carry out the provincial party committee's instructions and plans for checking these unhealthy tendencies in the countryside. We must carry out both symptomatic and radical treatments in order to produce remarkable results.

4. Adopt forceful measures to crack down resolutely on crimes in the economic sphere. At present, smuggling, buying smuggled goods, graft and bribery, speculation and profiteering, misappropriation of state property and various forms of economic crimes are prevalent in some localities and departments. In certain places, there are even instances of open plunder of state-owned goods and materials and appropriation of other state property. What is particularly serious is that some economic units and some government functionaries connive, shield or even directly participate in these activities, thus gravely corrupting our state organs and cadre ranks. In severely dealing with serious economic crimes, we should first investigate and deal with those serious cases in which certain responsible cadres are involved. This is one of the most important matters which we should view seriously this year. This struggle will have a close bearing on the future of our party. We must consider our crack down on the criminal activities in the economic sphere as a politically and economically severe battle between capitalist corruption and socialist anticorruption which must be viewed on the plane of defending the socialist system. We must win this battle. The state functionaries participating in these criminal activities must be severely punished without exception. Criminality must not be tolerated. While learning the use of other methods, the responsible persons of all state organs and economic organizations should also use the necessary legal methods to protect the economic order. In addition to the economic departments, the public security and judicial organs, the industrial and commercial administrations, customs and taxation departments should cooperate with the procuratorate and the courts of justice according to state laws and regulations, in dealing timely and effective blows against all economic crimes. While dealing with these cases, we should at the same time carry out education with full publicity, streamline the organizations, perfect the systems, and close the loopholes in order to prevent the recurrence of economic crimes.

5. Provide more active leadership in a strong bid to sway public opinion. Leading cadres at all levels should more correctly understand and handle the relationship between material and cultural developments and regard a high level of socialist cultural development as an important matter of strategic significance. The "socialist ethics and courtesy month" is now in progress. We must warmly respond to the call of the party Central Committee and the State Council with a gigantic mobilization so that people of all ages in every household will be aware of it. We must be sure that this campaign will proceed in full vigor and continue to gather momentum and produce the desired effect. Persistent efforts should also be made to continue the "five stresses and four points of beauty" activities in a planned, purposeful, and organized way and measures should be taken to regularize and institutionalize them. Various mass media in different forms should be adopted in an extensive and intensive effort to sway public opinion. Newspapers, periodicals, broadcasting, television, movies, theatrical works, music and folk songs should all be utilized to strengthen our propaganda and education so as to create a strong atmosphere in which everyone will highly regard sanitation, good order and good manners. This will further strengthen the confidence of the broad masses of cadres and people in cultural development and intensify their eagerness in keeping it up as a long-lasting good habit and custom. Government personnel at various levels, particularly the leading cadres, must play the leading and exemplary roles in striving for cultural development by setting personal examples for the broad masses.

#### Strengthen Government Work, Improve Its Work Style

In the past year, the people's governments at all levels and their affiliated departments achieved preliminary success in improving their work style, raising their work efficiency and maintaining close contacts with the masses. Many local governments have done many good deeds to solve the problems in people's daily lives and have won praises from the broad masses. However, our work is still unsatisfactory. Premier Zhao Ziyang pointed out in his "Report on the Work of the Government" delivered at the Fourth Session of the Fifth National People's Congress: "The existing bureaucratic tendencies in our political life and economic administration are an important obstacle to our new approach to economic development and the realization of our modernization program." This analysis correctly reflects the realities in our province. Overstaffed administrations with their multitiered departments and low efficiency are now quite common among our governments and economic administrative departments at all levels, while bureaucracy, laxity and indifference to work also exist in varying degrees among some cadres. A small number of them have unhealthy tendencies or even violate the law. We must take resolute measures to change this intolerable situation. In leading the people of various nationalities in the province in economic construction and cultural development, we must continue to pay great attention to the self-improvement of the people's governments at all levels in order further to improve government work under the leadership of the party committees at all levels.

Simplifying the administration, overcoming bureaucracy and raising work efficiency are a strategic policy decision to advance the revolutionary cause

and the four modernizations, and an important task for the self-improvement of governments, as well as an urgent demand from the broad masses of cadres and people. We must accomplish this major task in accordance with the State Council's program of action. We must strengthen the leading bodies in the governments at all levels, staff them with good and capable people, and make an effort systematically to promote to leading posts at different levels outstanding young and middle-aged cadres with practical experience and a talent for leadership who are qualified ideologically, politically and professionally so that the ranks of our cadres will become revolutionized, better educated, professionally more competent and younger. At the same time, suitable arrangements should be made for the retiring old cadres politically and economically. On the basis of a simplification of administration, we should clearly define the responsibilities and the limits on the powers of the governments and departments at all levels and the various administrations and also the powers and duties devolving on them and their functionaries. A system of job responsibility should be set up along with strict rules for assessing, rewarding and penalizing functionaries. The habit of shirking responsibility and taking a dilatory and irresponsible attitude toward work must be resolutely rectified, and so must the bureaucratic style of work which piles up red tape without solving actual problems.

It is an important duty for governments at all levels to strengthen their investigations, study, inspections and supervisions. Leading cadres at all levels should devote even more time to investigations and study at the basic levels and personally collect first-hand data. They should be able to think and make decisions independently, overcome subjectivism and guard against one-sidedness. These are the most basic conditions for good work performance for any level and any department, as well as our basic work method. We must simplify our meetings and documents and keep up the effective methods of performing our duties at the basic levels and on the spot, and working together with other units, so that our work will be orientated to the basic levels, to production and to the masses. We must also try to solve as many problems as possible at the basic levels. We cannot rely only on routine programs of action by issuing general calls. More active inspection, supervision and specific guidance must be provided.

The people's governments at all levels must report their work to the Standing Committees of the People's Congress at the same levels and accept their supervision. They must maintain close contact with the masses, attentively listen to their voice, pay great attention to the proposals of the deputies of the People's Congress and the letters and visits of the masses, accept the supervision, criticism and suggestions of these deputies and the broad masses, and thus perform their government duties more effectively.

We should continue to emancipate our minds and pluck up our revolutionary courage. Plucking up our revolutionary courage should be interpreted correctly. Instead of making bombastic but empty statements, it means emancipating the mind, studying the new situation, solving new problems, discovering new methods and opening up new prospects. We oppose any disregard for objective conditions and the insistence on doing what cannot possibly be done despite all our efforts. However, we must display a keen

sense of political responsibility and a heavy responsibility to the people for our work, be concerned with the overall situation, be brave in shouldering heavy burdens, combine revolutionary enthusiasm with a scientific approach, go all out to defy difficulties, and accomplish all the tasks which can be accomplished through our efforts in order to maintain a certain rate of development during the national economic readjustment and to perform our duties better. Cadres at all levels, particularly the leading cadres must revive and continue to develop the same efforts, enthusiasm and do-or-die spirit displayed during the revolutionary war period, serve as the vanguard in the socialist modernization drive and win new merits.

Strengthening the state power organs at the basic levels is a long-term basic measure. One of the main causes of the present poor social order and social morality in certain urban and rural areas is the imperfection of basic-level state power organs which are sometimes even in a paralyzed or semiparalyzed state and whose basic work is very weak. Therefore, we must positively strengthen these basic-level state power organs in the urban and rural areas. In the countryside where the system of responsibility for production in various forms, particularly fixing production quotas for households and holding households responsible for farm work (formerly undertaken by production teams), have been adopted, the functions of communes and production brigades as basic-level state power organs, far from being weakened, should be further strengthened. The urban residents committee, the peace-preservation committee and the people's mediation committee should be extensively reactivated and perfected, while the security organs of government offices, schools, factories, mines, enterprises, railways, aviation and transportation and other basic-level units should be strengthened in order to give full play to their roles in strengthening the legal system and settling disputes among the people.

The personnel of government departments at all levels, particularly the leading cadres, must firmly uphold the principle of democratic centralism, bear in mind the overall situation, conscientiously implement the party and state principles and policies, be politically at one with the party Central Committee, and strive to complete all the tasks assigned by the higher authorities. Everyone should study hard and make great efforts to study Marxism-Leninism-Mao Zedong Thought, study the party and state principles and policies and learn to apply the Marxist stand, viewpoint and methods in studying and solving new problems. We should study modern science and technology and modern economic management according to the actual demands of our work and increase our skill in cultural development. We must further strengthen the concept of serving the people wholeheartedly and set personal examples in observing the law, serving the public honestly and in keeping up hard struggle and plain living. We must also be courageous in criticism and self-criticism, in consciously resisting the "sugar-coated bullets" of the bourgeoisie, and in resolutely overcoming and combating various unhealthy tendencies. The people's government at all levels must carry forward the party's fine traditions, bring about close relationships between the government and the people and between the cadres and the broad masses, be concerned with people's clothing, food, housing, and travel, keep themselves constantly informed of the conditions of the people, and, proceeding from realities,

strive to do several good deeds for the local people every year in order that the people's government will become the organizer and leader of the masses as well as the people's bosom friends representing their interests.

Fellow Deputies:

In the new historical period, the united front, with its strong vitality, is still a "magic weapon" in building a strong socialist country. Governments at all levels must resolutely implement the policy of "long-term coexistence and mutual supervision" between the party and other democratic parties and groups, respect their political freedom within the framework of rights and duties given them by the Constitution, the independence of their organizations, and the equality before the law in order to give full play to their initiative and creativity in the four modernizations. We must implement conscientiously the various policies concerning the united front including the policy on democratic parties and groups, the nationality policy, the religion policy, the policy on intellectuals, the policy on former businessmen and industrialists, the policy on those who have come over to us out of a sense of justice, the policy on the dependents of those who are in Taiwan, the policy on our Taiwan compatriots, and so forth. The fine tradition of democratic discussion should be revived and developed, and efforts should be made to improve our cooperation with nonparty members. In conscientiously implementing the party's policy on intellectuals, we should improve their conditions of work and living in order to give full play to their role in the four modernizations. Reeducation in the nationality policy should be continued. We should conscientiously carry out the party's nationality policy, develop the economy and culture of all nationalities and further strengthen the national unity. Holding high the banner of patriotism, we should protect legitimate religious activities and unite with the religious personages and those with religious faith. We should also conscientiously implement the overseas affairs policy, and strive to do our work of uniting with the overseas Chinese, the returned Chinese, and the dependents of overseas Chinese. Chairman Ye Jianying's important speech delivered on the eve of our national day last year further expounded our principles and policies on the return of Taiwan to the motherland and to realize peaceful unification, which are entirely consistent with the desire and fundamental interests of people of all nationalities throughout the country, and are warmly supported and positively responded to by people of all nationalities including the Taiwan compatriots, the Hong Kong and Macao compatriots and the overseas Chinese compatriots. We must conscientiously implement these principles and policies, further expand the patriotic united front and contribute to the great cause of the realization of the four modernizations and the unification of the motherland.

We should develop the glorious tradition of supporting the army and giving preferential treatment to army dependents in order to strengthen army-government and army-people unity. Governments at all levels should be concerned with army building, do the regular work of supporting the army and giving preferential treatment to army dependents well, and take good care in relocating the demobilized or retired army men, so as to give full play to

their leading role in the four modernizations. We should also strengthen militia work in order that it will be more suitable for the new situation of economic development.

Fellow Deputies:

Two months have already passed in 1982. During this period, this province had a good start in all types of work. This is the year for us to heighten our morale, to work hard, to make positive progress and to achieve even greater success. Our province is occupying an important place in national defense in defending our socialist motherland and serving as an important base for building a strong socialist country. We are shouldering a glorious and yet arduous task. We must be aware of the excellent situation and yet take a sober view of the difficulties confronting us by anticipating the possible problems. People of all nationalities in the province must resolutely respond to the call of the party Central Committee, hold high the banner of Marxism-Leninism-Mao Zedong Thought, unite as one, rally our energy and spirit to make our country prosperous, and struggle hard to accomplish all the tasks set for 1982. For the great cause of building a modern, highly democratic and highly civilized strong socialist country, let us take new steps and make new contributions in response to the ardent expectations of the party Central Committee and people of all nationalities throughout the country from Liaoning.

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## ECONOMIC PLANNING

### DETAILS OF YUNNAN'S 1982 BUDGET REPORTED

Kunming YUNNAN RIBAO in Chinese 14 Mar 82 p 2

[Report by Zhao Hua [6392 5478], Chief, Public Finance Division, Yunnan Province: "Report on the State of 1982 Local Budgetary Arrangement for Revenues and Expenditures in Public Finance--Presented at the 12th Meeting of the Standing Committee of the Fifth Provincial People's Congress, held on 1 March 1982"]

[Text] Committee members:

The overall 1982 budgetary targets for revenues and expenditures in our local public finance were submitted to the Fourth Session of the Fifth Provincial People's Congress for examination and passage. Now we have, on the basis of the resolution of the congress, compiled concrete items of revenues and expenditures in our budget, and we hereby submit them to the Standing Committee for examination and approval.

#### I

At the Fourth Session of the Fifth Provincial People's Congress, we made a preliminary analysis and report as to the state of the implementation of our 1981 budget. Viewed on the basis of figures provided in our yearend bulletin, the situation turned out to be better than originally calculated. Let me give a brief report now, as follows:

In 1981, our province conscientiously implemented the central authorities' principles concerning further readjustment of our economy and further realization of stability in our politics, and achieved conspicuous results in our economic work. According to the statistics in our bulletin, our budgeted local revenues were 1,219,000,000 yuan, the highest level in history thus created in our province. Judging from comparable specifications, this meant additional revenues of 206 million yuan above those of last year, an increase of 20.5 percent; the surplus collection also amounted to 250 million yuan beyond the budgeted figure, a surplus collection rate of 25.8 percent. All 17 prefectures, municipalities, and administrative offices in our province overfulfilled their tasks in collecting the budgeted revenues. This was a result of earnest struggle by the people of all nationalities on all fronts in our province.

In this 1981 overfulfillment of our budget local revenues, increases were scored mainly by several products with a high rate of taxation. Industrial and commercial tax revenues for the year were 1,133,000,000 yuan including a surplus collection of 238 million yuan; of this figure, surplus revenues from the six products of tobacco, cigars, liquor, sugar, tea, and textiles accounted to 233 million yuan, making up 93.8 percent of the total. As for revenues from the enterprises, because of the increase of various financial subsidies, price-differential subsidies and losses in such cases as food-grains, oil, cotton, coal, pork, pigskins, chemical fertilizer, and farm machinery amounted to 384 million yuan, equivalent of one-third to the province's 1981 budgeted revenues. Of these, subsidies for the urban people's livelihood (foodgrains, oil, meat, vegetables, coal, wadding, and students' exercise books) amounted to 267 million yuan; subsidies for agricultural production (diesel oil for agricultural use, farm machinery, phosphate fertilizer, carbon-ammonia, insecticides, agricultural fiber, etc.) amounted to 80 million yuan; subsidies for industrial production (carbon-ammonia, pigskinning, soap, textiles, etc.) amounted to 37 million yuan, excluding expenditures allocated as subsidies to auxiliary foodstuffs for staff and workers. With additional problems such as raw material price adjustment and management, some enterprises suffered a decrease in their profits and an increase in their losses; as a result, their negative figures amounted to 10.7 million yuan, exceeding the negative figure of 4.2 million yuan originally budgeted by 1.5-fold.

Our budgeted local expenditures in the amount of 1.58 billion yuan were basically consistent with the budget figure passed by the Fourth Session of the Fifth Provincial People's Congress; if we add the amount of 23 million yuan in expenditures by certain units reclassified as part of the central administrative system, total expenditures amounted to 1,612,000,000 yuan. With revenues and expenditures thus offsetting each other, the yearend surplus collection, closing balance, and amount brought forward totaled 548 million yuan, of which the surplus collection portion included 212 million yuan in local receipts, 270 million yuan in forwarded funds, and 660 million yuan as the closing balance. These results of the implementation of the budget illustrate that we have adhered to the requirement put forward by the central authorities, the provincial party committee, and provincial government that we should realize the "two-leveling and one-stabilizing" policy in order to increase revenues and compress and control expenditures on the one hand and, on the other hand, we have supported and promoted the realization of plans for developing our national economy and society. As a result of the implementation of a financial budget, we come up with a definite amount of closing balance and forwarded funds each year; this is a normal situation. But from the situation of the past few years in our province, we can see that our closing balance and forwarded funds have weighed heavier on the surplus side. For instance, in 1979 we had a surplus collection of 390 million yuan, forwarded funds of 346 million yuan, and a closing balance of 157 million yuan. A number of different reasons have contributed to such a situation, to wit: Subjectively, we have failed to keep the arrangement and distribution of expenditures under sufficiently tight control; this was a defect in our work. Objectively, in the first place certain planned expenditures were arranged, but in the course of implementation they were not carried out

because of various factors, such as the late arrival of ordered equipment, the delay in scheduled construction projects, and change of plans, etc. In the second place, certain expenditures must have their continuity, such as those for scientific research; certain special project investments and expenditures must be dovetailed from fiscal year to fiscal year and used beyond any given year. Third, public finance at each and every level must have a part of reserve funds, such as preparatory expenditures, which are used mainly for the solving of problems that unexpectedly appear in the course of the implementation of the plans; under normal conditions, they should not be exhausted within the year. Fourth, after the practice of fixed quota of administrative funds is put into effect, departments at the various levels all endeavored to practice economy and careful calculation in the implementing of their plans, and hence should most likely have some funds saved up to use the following year. Fifth, some specially allocated funds can be forwarded as a closing balance only if they cannot be spent within the given year and are not allowed to be used for the purpose of making up deficiencies elsewhere.

In the implementation of our 1981 local financial budget, there also exist certain problems, of which two are especially salient:

(1) Economic results are not very high. In 1981, the output value of industrial enterprises in the province's budget rose by 8.1 percent, whereas their real profits decreased by 4.7 percent and the profits they submitted to the state treasury were reduced by 11.3 percent. There are subjective and objective reasons why the economic results of these enterprises were so low: objectively, the reason had to do mainly with the influence of certain policy readjustment factors, such as the rise in prices in the case of certain raw materials, the reduction in prices in the case of certain products, the withholding of educational funds for staff and workers, the implementation of a new practice of granting holidays to staff and workers for the purpose of visiting their relatives, etc.; subjectively, the reason mainly had to do with bad management, high expenses, low quality, multiple incidents, imperfect economic accounting, considerable waste, etc.

(2) No small number of loopholes still exist in our financial management. In the course of examining the evasion, omission and owing of taxes in 1981, it was discovered that this practice of evading, omitting and owing taxes had been extended to as many as 67 percent of all the enterprises and just a portion of the evaded, omitted, and pending taxes already discovered amounted to 280 million yuan. Since the launching at the end of last year of a general inspection of the financial affairs of enterprises, it has been discovered that not a few enterprises had rather confused financial practices and lax financial and economic discipline; conduct in violation of financial and economic discipline had by no means been rare; and revenues lost in this regard amounted to a far higher figure than that of taxes evaded, omitted and owed. Up to the middle of February 1982, according to incomplete statistics, 54 million yuan had already been discovered: of that amount, more than 9 million yuan had already been turned over to the state treasury. With respect to expenditures, there also exist similar problems. This reflects how low the level of financial management of our financial departments and our

entrepreneurial units and public agencies has been, and how short of strict control and close handling they have fallen.

Generally speaking, the state of implementation of our local financial budget in 1981 illustrates that the principle of the central authorities regarding a further readjusting of our national economy is entirely correct, and the series of concrete policies adopted by the provincial party committee and the provincial people's government for implementing this principle are also all effective and entirely necessary.

## II

In 1982, we continue to involve ourselves closely in the implementation of this readjustment in our national economy, the stabilization of our economic results, and, on the basis of an energetic improvement of our economic results, the achievement of a higher rate of development. Basing ourselves on the various targets arranged by the plans for developing our national economy and society in 1982, and having considered the principle of imparting a definite enthusiasm in the departments at various levels, with the consent of the Fourth Session of the Fifth Provincial People's Congress after its examination, we have set our 1982 local budgeted financial revenues at 1.05 billion yuan (not including revenues from depreciation submitted to the central treasury, same below)--an increase of 8.1 percent over the 1981 budgeted figure but a decrease of 13.9 percent from the true figure in the 1981 bulletin. Our local budgeted financial expenditures have been set at 1,414,000,000 yuan--an increase of 14.2 percent over the budget figure for this same category at the beginning of 1981. In the course of implementing this budget, the central authorities are scheduled to add certain special allocations retroactively, such as those in support of the development funds of underdeveloped areas, funds for enterprises to use to tap resources, renovate and transform themselves, etc. And there are still the surplus collection, funds forwarded, and closing balance of last year. Hence, there will be a large increase in the 1982 yearend budgeted expenditures of our province compared to 1981.

The state of the arrangement of our concrete 1982 local budgeted financial revenues and expenditures is as follows:

### 1. Revenues:

Of the 1.05 billion yuan of our local budgeted financial revenues, enterprise revenues make up minus 30 million yuan, a decrease of 26 million yuan from the 1981 budgeted revenues; industrial and commercial tax revenues make up 1 billion yuan, an increase of 105 million yuan over the 1981 budgeted figure, or 11.7 percent; salt tax makes up 12 million yuan; agricultural tax makes up 64 million yuan; other revenues make up 4 million yuan, and all of these remain at the same level as in the 1981 budget. Compared to last year's bulletin, there is a decrease of various degrees for every item of revenue. Now I shall report the several problems pertaining to our revenues, as follows:

(1) Calculated according to the various targets of our national economic plan, our 1982 local financial revenues may reach more than 1.3 billion yuan, an increase of more than 6 percent over the figure in the 1981 bulletin. But when our budget was fixed, they became somewhat lower than those of last year, and the main reasons are:

a. Our province is a poor province, its economic foundation is rather weak, and the financial resources of various regions and counties are limited. Viewed from our current financial system, the amount of our local mobile financial resources is closely related to the size of budgeted revenues and tasks. Therefore, the various regions and various departments have asked that some room be left for them in the budgetary arrangements, and that they be given a definite promise as to surplus collection so that they can have a greater share in the surplus revenues and will be able to solve flexibly, according to local conditions, the problems the local regions must solve and problems the province's uniform plans temporarily cannot solve, so as to benefit the demonstration of local initiative even more as well as to accelerate the four administrations. In addition, the margin of increase in the 1981 budgeted local revenues was unusual. Therefore, in the budgetary arrangements for 1982, we have taken into consideration these peculiar situations and adopted the principle of effecting some increase over last year's budget figure, but a lower amount than last year's actual amount of revenues in making these arrangements. This is relatively pertinent and represents initiative on our part.

b. As for our capital construction investment with respect to light industrial, textile, and other projects for the tapping, renovation, and transformation of resources in recent years, the allocation of funds has been changed to loans, and the new increases in taxes and profits had to be used to pay back such loans. These loans have continued to increase in the past few years, and the amount of funds to repay them has likewise increased correspondingly. For instance, in the case of industrial enterprises that repay their loans out of realized profits, the amount in 1980 reached more than 18 million yuan; in 1981 it increased to more than 21 million yuan (not even including the amount of taxes reduced and exempted for repaying such loans); and in 1982 it will increase even more. Viewed from the individual projects, for instance, sugar projects--the sugar mills newly built or renovated these past few years--have mostly been solved by loans; hence the taxes and profits from the newly increased sugar production still require loans. Consequently, viewed from the 1982 national economic plan, sugar production will increase by more than 20,000 tons, but viewed from budgeted financial revenues there will basically be no increase.

c. We have considered the effect that some policy readjustments have had on our budgeted revenues. We are right now in the process of our national economic readjustment; in order to adapt to the requirements of this readjustment, certain changes in our reconomic policies and measures can hardly be avoided, and these changes are bound to exert some influence on the implementation of our financial budget. For instance, the central-level financial administration has decided from 1982 on to have part of the increase in our cigar taxes over the 1981 amount submitted to the state treasury and part

of it left to local authorities. Since cigar taxes in our province constitute a weighty category, we cannot but consider the factors in this regard when we compile our budgetary revenues.

On the basis of the above situation, we are of the opinion that, while our 1982 budgeted local financial revenues are less than last year's actual revenues, ultimate actual collections for the whole year are bound to yield a definite increase over those of last year. In order both to look after the possibility that all regions are going to reap some benefits from the assignment of their tasks and to bring about a definite margin of increase in the state's budgeted financial revenues, the provincial party committee and provincial people's government have recently decided to assign a figure for the production increase and the practice of economy by various regions and various departments, and to require various regions to have an increase of 12 million yuan in their 1982 local budgeted revenues on the basis of their 1981 actual collections and the 1982 planned figures of the various departments at the provincial level; that is, their actual collections must amount to 1.34 billion yuan--an increase of 10 percent or so over those of last year. This way, the budgeted figure of 1.05 billion yuan originally studied and decided on by the Provincial People's Congress would be made the basis for calculating the various regions' surplus collections and percentage of their share, whereas the assigned figure for their production increase and their practice of economy would be made the norm for evaluating whether a given region or department has accomplished its task. Thus we can better solve the contradiction between plans and arrangements and actual work and tasks, and make it possible for the province's budgeted financial revenues to score a definite margin of increase while at the same time leaving definite mobile financial resources to the various regions and various departments so that they can solve certain problems that urgently need solving.

(2) An increase in our 1982 local budgeted financial revenues depends mainly on industrial and commercial taxes. Taxes such as those from baked tobacco, cigars, sugar, liquor, tea, textile printing and dyeing, and commercial retailing make up a considerable proportion of our province's overall financial revenues. On the basis of our current policy of energetically developing diversification and building up consumer goods industries, these items will continue to score considerable increases, and hence our tax revenues therefrom will also increase steadily. But in the case of enterprise revenues, because our rectification of enterprises is just getting started, there has to be a due process; the results in this regard still cannot be seen for the time being. In addition, the various subsidies and losses may still continue to increase along with our production increase. Hence, the negative figure of our enterprise revenues in our budgetary arrangements is still likely to continue to increase somewhat.

(3) Appropriate room has been left in the arrangement of our 1982 local budgeted financial revenues. The main consideration in this regard was that in the process of implementation of our budget, there may still be certain measures that tend to reduce our revenues and increase our expenditures along with the progress in our readjustment work, such as price readjustments,



institutional changes, etc. It is therefore necessary to leave some pertinent room.

## 2. Expenditures

Our local budgeted expenditures are fixed at 1,414,000,000 yuan, an increase of 14.2 percent over those of corresponding specifications at the beginning of last year. Of these, expenditures in support of the various agricultural projects make up 198 million yuan, an increase of 4.7 percent over the budgeted figure of last year; funds for cultural, educational, public health, and scientific undertakings make up 426 million yuan, an increase of 7.6 percent over last year's budgeted figure; funds for administrative management make up 198 million yuan, an increase of 17.9 percent over last year's budgeted figure; and expenditures for wages set aside for readjustment make up 50 million yuan, an increase of 67 percent over last year's budget. Other expenditures also include increases of various degrees.

In the arrangement of our 1982 budgetary expenditures, mainly considered are the following points:

(1) In order to continue to develop our province's cultural, educational, public health, and scientific undertakings, expenditures therefore continue to increase considerably. Over the years, our province's cultural, educational, public health, and scientific undertakings have achieved some definite development; for instance, the figure of our 1981 expenditures was 428 million yuan, an increase of 89.4 percent over the 226 million yuan of 1977, and far exceeding the 21-percent rate of increase in the province's total expenditures. Of this amount, educational expenditures for 1981 made up 261 million yuan, an increase of almost 100 percent over the 133 million yuan of 1977, still not including expenditures for schools run by the enterprises themselves, expenditures from the development funds in support of the developing areas, or expenditures in education allocated from work-and-study revenues. Our 1982 budget for educational expenditures again allocates an increase of 17 million yuan over the budget at the beginning of 1981. Recently, the provincial party committee and provincial people's government also decided on a further increase of 12 million yuan from the mobile financial resources at the provincial level (of which 2 million yuan are for capital construction), to be used to repair dangerous school buildings and supplement classroom desks and chairs, books, etc. In their respective process of implementation, the various regions will hereafter increase expenditures in this regard still further, in line with their own financial resources situation. Given the condition that definite difficulties still exist in our provincial finances this year, such an increase in educational funds fully illustrates the attention and support that the party and the state extend to our educational undertakings. As long as we earnestly handle these funds well, many problems can indeed be solved. Funds for public health undertakings have also accommodated definite increases in recent years; apart from the 6 million yuan already increased when the budget for this year was set, another increase of 7 million yuan has been obtained from financial resources at the provincial level, to be used to add medical equipment to certain key hospitals so as to improve the medical conditions there.



(2) In order to promote agricultural development, a corresponding increase in various funds in support of agriculture has also been made. The 1981 expenditure figure of 246 million yuan represented an increase of 61 percent over the 159 million yuan of 1977. The figure fixed by the 1982 budget again represents an increase of 9 million yuan over the budget figure at the beginning of 1981; recently, still another increase of 6 million yuan has been made from mobile financial resources at the provincial level. In the implementation process, with the addition of funds forwarded from the higher level and the figure arranged from the mobile financial resources of the various regions, the actual figure implemented will represent a continued increase over the 1981 expenditure figure.

(3) We have adequately increased our expenditures for wage adjustments for part of the staff and workers. In 1981, the State Council decided to raise the wages of middle school and elementary school teachers and part of the medical personnel and physical education workers and trainers as of October. This raise was limited to one quarter, last year, but now it is extended to the whole year this year. This project alone has increased our expenditures by more than 20 million yuan.

(4) We have guaranteed the increase in expenditures necessitated by the increase in personnel in the administrative agencies within the limits of the state plans. In order to revive and reinforce the development of the public security, procuratorate, and court departments and the various public agencies, as well as the assignment of university, middle school, and special college graduates and veterans for transfer to civilian work in the past few years, our budgeted expenditures have likewise increased proportionately.

(5) According to the concrete situation of the increase in the sources of funds for this year's budgeted expenditures over those of 1981, and on the basis of our having compressed our 1981 expenditures, we have now made increases to different degrees in our budget according to actual feasibilities with regard to certain expenditures which must be increased, such as floating capital, people's defense funds, militia enterprise expenses, etc.

(6) Certain budgetary items which are calculated and arranged according to their proportions in individual project expenditures, such as preparatory expenses, nationality mobile funds, etc., have increased correspondingly along with the increase in our total budgeted expenditures.

(7) Viewed against the arrangement of our 1982 budgeted expenditures, some projects, such as investment in capital construction, have not yet been increased at the beginning of the year. But because surplus collections in the various regions were rather considerable in 1981, a due portion of them were used for capital construction; in addition, there also are funds raised by the various departments and enterprises themselves. Therefore, in the process of implementation, funds to be used in capital construction will still show a definite increase over 1981.

3. Our local arrangement of budgetary revenues and expenditures for 1982 is safe and reliable, and it also leaves sufficient room for adjustment. There are numerous conditions for us to fulfill our 1982 budget for financial revenues and expenditures. First of all, following the line, principles, and

policies of the Third Plenary Session of the 11th Party Central Committee in these past few years, the provincial party committee and the provincial people's government have, in conjunction with the actual situation in our province, adopted a series of concrete policies and measures which have already played, and are still playing, a great role. Secondly, the potential of our province is quite great; we are just beginning to give scope to many of our strongpoints. Thirdly, our enterprises must undergo an overall rectification; through financial inspection, our economic results are bound to show a conspicuous increase. Fourthly, as the party and government at various levels proceed to further strengthen their leadership over economic financial work, financial management will continue to be strengthened. All of these conditions are extremely beneficial. As long as we fully apply these beneficial conditions, in a situation in which there are no major natural calamities or measures for reduced collection, it is entirely possible to fulfill our financial tasks this year and guarantee the full realization of this year's budgeted revenues and expenditures.

### III

A fundamental approach to realizing our 1982 budgeted local financial revenues and expenditures is to follow the principle of relying primarily on our planned economy and secondarily on market adjustment and, under the guidance of the state plans, to promote the expansion of our production and circulation, to foster and open up financial sources, and energetically to improve our economic results.

In the first place, the various levels, departments, and enterprise units must all stress ways to produce wealth and to foster and open up financial sources according to the party's principles and policies in order to increase income.

Of our province's budgeted financial revenues, 80 percent comes from industry; but among the industries, raw materials for light industry in turn come mainly from agriculture, and of our overall budgeted revenues, those from agriculture directly or indirectly make up more than 70 percent. Therefore, a study of the ways to produce wealth in our province requires us to make efforts in agriculture. According to our province's natural conditions and strongpoints, baked tobacco, cigar, sugar, and tea all have a great future for development. They may enable us to greatly increase our financial revenues, and the peasants, too, may become well-to-do speedily on their account. This is a bright road for enriching the people and strengthening the country. Elsewhere, forest products, husbandry products, the silkworm industry, Chinese medicine, and rubber, in addition to nonferrous metals, all have superior conditions for development, and we can certainly accomplish a great deal with them.

Expansion of commodity circulation and increases in sales are also important financial sources for our province, and we must actively grasp them well.

Energetically improving our economic results and fully tapping the resources of our enterprises are another important aspect of our emphasis on ways to

produce wealth. The potential resources of our province, whether in industrial enterprises, commercial enterprises, communication enterprises, or other enterprises, are very great. Earnestly practicing economy, accelerating capital circulation, reducing costs and expenses: these are the core of our efforts to improve our economic results. Once we conscientiously achieve all of these, we should be able to create far more social wealth and accumulate far more for the state. The accumulation rate of the existing enterprises in our province has been generally low and capital circulation slow. Take industrial enterprises which are included in our budget as an example: the profit rate per 100 yuan of output value in 1981 was only 10.22 yuan, a decrease of 1.24 yuan from that of 1980; if the profit rate is restored to the 1980 level, we will have an increase in revenue of more than 50 million yuan; and if it is restored to a better historical level, our revenue will increase 200 million yuan. Again, take floating capital; in 1981 the appropriation per 100 yuan of output value was 32.8 yuan; if a 2-percent economy is achieved, we will be able to save nearly 30 million yuan; if restored to a better historical level, we will be able to save about 500 million yuan. In the latter case, the savings in interest payments alone would amount to more than 30 million yuan. In 1982, we are requiring industrial and communication enterprises to reduce the costs of their comparable products by 1 to 3 percent, and commercial enterprises to reduce their expenses by 2.5 percent. In turn, we are requiring industrial and communication enterprises to accelerate the circulation of their floating capital by 10 percent and commercial enterprises to accelerate the circulation of their floating capital by 5 percent. We likewise are requiring industrial and communication enterprises to compress the public expenses in their management expenses by 15 percent and those enterprises that suffered losses to reverse their losses by 25 percent. If all these requirements are met, we may be able to increase our revenues by about 110 million yuan; even if only 70 or 80 percent is realized, we can still increase our revenues by 80 or 90 million yuan. In addition, readjustment will be made with respect to a part of the insufficiently rational subsidies in order to further stem the "escapes, substitutions, dripping, and leading" in our taxation system; this will enable us to increase our revenues by several tens of millions of yuan.

In our attempt to stress ways to produce wealth, we must handle closely the two aspects of fostering and opening up financial sources and improving our economic results. If we work along both lines, we are bound to reap results. Once these two aspects are well handled, our tasks of increasing production and practicing economy with respect to our budgeted financial revenues this year are bound to be triumphantly realized.

Second, we must stress ways to concentrate our wealth by following our party and state policies and concentrating all funds that should be concentrated in order to use them for production, construction, and social development undertakings. This requires us to bring into full play the role of this instrument of financial management and, through the strengthening of our financial management and the utilization of the leverage of taxation in our economic readjustment, to concentrate in a planned way all funds that should be concentrated. With respect to strategic financial sources, we must energetically grasp them, and even with respect to nonstrategic financial sources

we still need to grasp closely. As we "embrace all watermelons as well as pick up all sesame seeds," we are bound to reap a huge accumulation through minor gatherings. In the meantime, we must rectify all situation of dispersing, interceding, squeezing in on, diverting, or delaying payment of our financial revenues. At present, the amount of extrabudgetary revenues is becoming more and more considerable; careful management of this source of funds will play a great role in accelerating our various construction undertakings. We must strengthen our guidance over such extrabudgetary collections, so that all funds within and beyond our budget can be rationally arranged in a planned way and can play their full role.

Third, we must stress ways to use our wealth relevantly by placing our funds where they are needed most, so that we can spend less while taking care of more things with high efficiency. When our money is used relevantly, it exerts its effect in time and promotes the development of our enterprises of production and construction; then, even expenditures can be turned into revenues. If our money is not applied at the right time or properly, we delay the progress of our construction enterprises: that actually is the greatest waste. Using our money well, macrocosmically, means promoting the development of our national economy in a proportionate and coordinated manner and turning our national economy into the course of a wholesome circle; microcosmically, means achieving less investment, more production, and high economic results. In order to use our funds properly, we must bring into full play the enthusiasm of various levels and various departments, strive together, and really seek to make rational arrangements, appropriate distribution, and combine the consideration of money and of given operations, thereby bring about salient results. Naturally, in making such arrangements we must also leave room for adjustments and never use up all we have. We must sustain ourselves on the one hand and engage in construction on the other. This is the experience that Comrade Chen Yun has succinctly summed up from the whole country for many years; we should understand it well and implement it conscientiously. In a word, revenues must be collected according to established policy, expenditures must be appropriated according to an established budget, and money must be spent with emphasis on achieving results.

Fourth, we must make our financial and economic discipline strict and strengthen financial supervision. This is one means of guaranteeing our macroeconomic interests. Viewed from the general inspection of enterprise financing launched last year, a good many problems really do exist. According to incomplete statistics, there have been over 20 cases involving violation of our financial practice and discipline alone, with more than 50 million yuan of funds in question. Problems reflected in financial and economic discipline are in reality also problems of our party workstyle. The Central Committee has decided to link the strengthening of our discipline and the rectification of unhealthy practices within the party in its handling of the problems; this really catches the crucial point. We must treat the tightening of our financial and economic discipline and the strengthening of our financial supervision as an important part of our efforts to rectify our party workstyle and earnestly strive to grasp it closely, grasp it well, grasp it through to the end, and grasp it with eventual results.

Members of the committee: The political and economic situation in our province has been improving year after year, and our financial situation, too, has been improving year after year. As we continue under the guidance of the provincial party committee and provincial people's government to implement the series of principles and policies that the Party Central Committee and the State Council have formulated since the Third Plenary Session of the 11th Party Central Committee, as we earnestly stress ways to produce, concentrate, and use our wealth, as we make our financial and economic discipline strict, and as we unite, assert our spirit, seek truth from facts, and exert ourselves in our work, our 1982 budgeted local financial revenues and expenditures are bound to be realized satisfactorily, and our tasks of increasing production and practicing economy in our budgeted financial revenues and expenditures are bound to be accomplished triumphantly.

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## ECONOMIC PLANNING

### 'LIAONING RIBAO' CARRIES 1981 PROVINCIAL STATISTICS

HK290716 Shenyang LIAONING RIBAO in Chinese 16 May 82 p 2

[Report of Liaoning Provincial Statistics Bureau on Execution of 1981 National Economic Plan]

[Text] Under the leadership of the Liaoning provincial CCP Committee and the people's government, the people of the province have seriously implemented the CCP Central Committee's policies on further readjusting the national economy in 1981. Through arduous work, we have completed the national plan satisfactorily. Agriculture, light industry and heavy industry have been developing harmoniously. The total output value of the five material production departments: industry, agriculture, construction, transport and commerce was 62.67 billion yuan, an increase of 1.9 percent over 1980. Of this, the total output value of industry and agriculture, calculated according to the fixed price of 1980 was 53.67 billion yuan, an increase of 0.6 percent over 1980. The national income was 24.57 billion yuan, a drop of 1.6 percent compared to 1980. Calculated according to the fixed price of 1980, it has dropped by 3.6 percent over 1980. Amid economic readjustment, the people's material and cultural life has been improving and all undertakings have developed in varying degrees.

The following are the results of the implementation of the national economic plan by various departments.

#### Industry

In 1981, the province further readjusted the internal industrial structure and actively promoted the production of consumer goods for daily use. Light industry has developed considerably and heavy industry has changed its orientation of service. The annual total industrial output value, calculated according to the fixed price of 1980, was 45.14 billion yuan, overfulfilling the quota by 3.6 percent and was basically equal to the record of 1980. Of this, the output value of light industry was 16.27 billion yuan, overfulfilling the quota by 7.1 percent, an increase of 16.5 percent over 1980. The output value of heavy industry was 28.87 billion yuan, overfulfilling the quota by 1.6 percent, a drop of 7.4 percent compared to 1980. Of the total industrial output value, the proportion of light industry has risen to 36.0 percent from 1980's 30.9 percent and the proportion of heavy industry has dropped from 1980's 69.1 percent to 64.0 percent. Since the output of light industry has increased by a large margin for 3 consecutive years, the output value of the province's light industry has risen from the sixth to the fourth place in the whole country.

According to the statistics for the output of 80 major industrial products, 62 types have fulfilled or overfulfilled the quota, accounting for 78 percent; and 39 types have increased their output over 1980, accounting for 48.8 percent. Of the 35 major light and textile industrial products and the electronics industry products for civil use, 27 have overfulfilled the quota and 28 have increased compared to 1980.

Although the output of some heavy industry products, such as the metallurgical industry, the machine-building industry and the chemical industry, has dropped compared to 1980, we have scored gratifying results in agriculture, light industry and export services. The metallurgical industry has recently manufactured a new lot of steel products which are in short supply and some new varieties of steel such as strip steel, sheet metal and rolled sheet. The chemical industry has manufactured more than 200 kinds of materials for light industry and consumer goods for daily use, which was more than 40 percent of the total chemical industrial output. The machine-building industry has manufactured some equipment and installations for special purposes and some equipment to save energy in order to promote the technological renovation of light industry and the old enterprises. While fulfilling the quota of military products, the defense industry production units enthusiastically promoted the production of goods for civil use. The coal industry has repaid some debts for tunnelling and extraction. The production conditions of mines have improved.

The output of the major industrial products is as follows:

	1981	Percentage of Fulfillment of Quota	Percentage Compared to 1980
Steel	8.729 million tons	101.9	96.5
Pig Iron	9.31 million tons	98.9	89.5
Finished Steel Products	5.624 million tons	95.9	99.9
Machine-made Coke	6.615 million tons	96.0	92.6
Generated Energy	28 billion watts	93.3	93.6
Raw Coal	33.707 million tons	104.7	90.3
Crude Oil	5.251 million tons	100.8	98.5
Natural Gas	1.53 billion cubic meters	102.0	85.6
Cement	7.29 million tons	112.2	100.3
Plate Glass	6.059 million standard boxes	121.2	112.0
Sulphuric Acid	740,000 tons	106.0	89.9
Sodium Carbonate	696,000 tons	102.1	97.0
Caustic Soda	226,000 tons	98.3	99.1
Agricultural Chemical Fertilizer	692,000 tons	112.5	95.5



Agricultural Chemicals	60,000 tons	122.7	102.0
Synthetic Rubber	6,339 tons	105.7	99.9
Plastics	81,000 tons	91.0	113.3
Machines Tools	15,000	109.5	86.2
Walking Tractors	9,200	70.8	93.3
Motor Vehicles	4,438	277.4	45.8
Chemical Fiber	84,000 tons	116.7	141.3
Yarn	163,000 tons	107.9	111.8
Cloth	630 million meters	105.6	104.6
Wool Fabric	7.65 million meters	106.3	108.1
Machine-made Paper and Cardboard	496,000 tons	115.3	103.4
Sewing Machines	783,000	95.5	123.3
Bicycles	1.466 million	104.7	142.0
Wristwatches	2.805 million	130.5	147.0
Washing Machines for Household Use	311,000	388.7	570.5
Television Sets	362,000	120.8	227.9
Cameras	79,000	158.0	223.1
Radios	1.853 million	61.8	97.1
Synthetic Detergents	30,000 tons	120.0	126.1
Wine	247,000 tons	411.7	120.2
Cigarettes	550,000 boxes	144.8	110.8

The quality of industrial products has also improved. Twenty-four products of the province won national gold and silver medals. Twenty-nine light industrial products won first-prize in national competitions, 225 products were appraised as ine-quality products of the province. Throughout the year, a batch of new products were successfully trial-manufactured. This has enriched and enlivened the market.

#### Agriculture

In 1981, the province's rural areas further implemented the party and government's various economic policies and established and perfected various kinds of production responsibility and established and perfected various kinds of production responsibility systems in line with local conditions. We have readjusted the agricultural production structure and plans, promoted a diversified economy, practiced scientific cultivation and mobilized the enthusiasm of the

broad masses of peasants to promote production. Agricultural production has scored good results although some counties in Chaoyang Prefecture and in Jinzhou and Fuxin Municipalities have been hit by droughts 2 years running and some parts of southern Liaoning suffered exceptionally serious flooding.

In 1981, the total agricultural output value, calculated according to the fixed price of 1980, was 8.53 billion yuan, an increase of 4.3 percent over 1980. The total output of grain and beans was 23.21 billion jin, overfulfilling the quota by 0.9 percent, a drop of 5 percent compared to 1980. The output of cotton was 440,000 dan, overfulfilling the quota by 15.8 percent, an increase of 3.1 percent over 1980. The output of oil-bearing crops was 6.122 million dan, overfulfilling the quota by 11.3 percent, an increase of 8.3 percent over 1980.

The output of the major agricultural products is as follows:

	1981	Percentage of Fulfillment of Quota	Percentage Compared to 1980
Grain and Beans	23.21 billion jin	100.9	95.0
of which: Rice	4.98 billion jin	....	105.7
Maize	11.64 billion jin	....	89.1
Kaoliang	4.35 billion jin	....	96.0
Beans	1.25 billion jin	110.4	116.2
Cotton	440,000 dan	115.8	103.1
Oil-bearing Crops	6.122 million dan	111.3	108.3
of which: Peanut	3.402 million dan	....	123.8
Sesame	136,000 dan	....	167.9
Sunflower	2.431 million dan	....	92.5
Cigarettes	499,000 dan	95.2	111.5
Beet	4,512 million dan	....	177.3
Hemp	147,000 dan	....	77.4
Commodity Vegetables	7.01 billion jin	....	115.3

In 1981, the aforested area was 3.305 million mu, fulfilling 88.1 percent of the quota, 70.8 percent of the 1980 figure. The main reason for the decrease of the aforested area was due to the serious drought in Chaoyang and Jinzhou Districts. The output of Tussah was 905,000 dan, overfulfilling the quota by 13.1 percent, 20.1 percent less than in 1980. The output of fruit was 924,000 tons, an increase of 18.0 percent over 1980, of which, the output of apples was 701,000 tons, an increase of 14.8 percent over 1980.

In 1981, production of animal husbandry has increased, apart from a decrease in the amount of draft cattle and pigs by the end of the year. The output of pork, beef and mutton overfulfilled the quota by 36.4 percent, an increase of 14.4 percent over 1980.

The situation of the production of animal husbandry:

	1981	Percentage Compared to 1980
Amount of draft cattle on hand by the end of 1981	2.656 million	95.2
Amount of live pigs on hand by the end of 1981	10.463 million	98.9
Amount of pigs sold in the whole year	6.643 million	101.2
Amount of sheep on hand by the end of 1981	2.104 million	108.1
Amount of poultry on hand by the end of 1981	35.67 million	128.2
Output of pork, beef and mutton	491,000 tons	114.5
of which:		
Output of Pork	484,000 tons	114.4
Output of Wool	103,000 dan	158.5
Output of milk	58,000 tons	105.5

In 1981, the development of sideline production was relatively fast and the total output value of sideline products for the year was 6.2 percent more than in 1980. Its proportion of the total agricultural output has risen to 16.8 percent from 1980's 16.4 percent.

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Commodity			
Vegetables	7.01 billion jin	....	115.3

In 1981, the afforested area was 3.305 million mu, fulfilling 88.1 percent of the quota, 70.8 percent of the 1980 figure. The main reason for the decrease of the afforested area was due to the serious drought in Chaoyang and Jinzhou Districts. The output of Tussah was 905,000 dan, overfulfilling the quota by 13.1 percent, 20.1 percent less than in 1980. The output of fruit was 924,000 tons, an increase of [words indistinct] 14.8 percent over 1980.

In 1981, production of animal husbandry has increased, apart from a decrease in the amount of draft cattle and pigs by the end of the year. The output of pork, beef and mutton overfulfilled the quota by 36.4 percent, an increase of 14.4 percent over 1980.

The situation of the production of animal husbandry:

	1981	Percentage Compared to 1980
Amount of draft cattle on hand by the end of 1981	2.656 million	95.2
Amount of live pigs on hand by the end of 1981	10.463 million	98.9
Amount of pigs sold in the whole year	6.643 million	101.2
Amount of sheep on hand by the end of 1981	2.104 million	108.1
Amount of poultry on hand by the end of 1981	35.67 million	128.2
Output of pork, beef and mutton	491,000 tons	114.5
of which:		
Output of pork	484,000 tons	114.4
Output of wool	103,000 dan	158.5
Output of milk	58,000 tons	105.5

In 1981, the development of sideline production was relatively fast and the total output value of sideline products for the year was 6.2 percent more than in 1980. Its proportion of the total agricultural output has risen to 16.8 percent from 1980's 16.4 percent.

In 1981, the total output of aquatic products was 446,000 tons, overfulfilling the quota by 27.4 percent, an increase of 6 percent over 1980. The output of sea fishing was 294,000 tons, a drop of 1.7 percent compared to 1980, due to protection given to offshore resources and the fact that quotas were assigned to other localities. The output of sea water cultivation was 141,000 tons, an increase of 24.8 percent over 1980 and that of fresh water fishes was 9,000 tons, an increase of 23 percent over 1980.

By the end of 1981, there were 44,000 large and medium-sized tractors in the rural areas of the province, an increase of 4.8 percent over 1980. There were 9,611 trucks for agricultural use, an increase of 39.2 percent over 1980. The proportions of area plowed by tractors and the irrigated area were 51.5 and 19.4 percent respectively, a drop of 3.9 and 0.8 percent respectively. The amount of chemical fertilizer applied per mu was 108.7 jin, an increase of 2.9 jin over 1980.

## Capital Construction

In 1981, the province further reduced its investment in capital construction; the total investment was 2.7 billion yuan, a decrease of 550 million yuan and a drop of 16.9 percent. Of the total investment, 1.4 billion yuan were invested in projects directly under the central committee, a drop of 13.6 percent compared to 1980; 1.3 billion yuan were invested in local projects, a drop of 20.2 percent compared to 1980. Investment within the state budget was 1.19 billion yuan, a drop of 23.2 percent compared to 1980. Investment outside the budget including domestic loans, foreign capital and self-raising funds was 1.51 billion yuan, a drop of 11.1 percent compared to 1980. Investment in technological renovation was 1.95 billion yuan, an increase of 590 million yuan over 1980 and a rise of 30.3 percent.

In 1981, the orientation of investment was further readjusted and the proportion of the light and textile industries and the energy industry increased and their "flesh and blood" relationship was improved. The investment in the light and textile industrial departments was 390 million yuan, the proportion was up from 1980's 13.8 percent to 14.4 percent. The investment in the energy industry department was 800 million yuan, the proportion was up from 1980's 23.7 to 29.6 percent. The investment in nonproduction construction regarding the people's material and cultural life was 1.29 billion yuan, the proportion of investment was up from 1980's 42.8 percent to 47.8 percent. Of this, investment in quarters for staff and workers was 960 million yuan, the proportion of investment was up from 1980's 31.8 percent to 35.5 percent.

In 1981, the effect of investment in the province's capital construction improved considerably, and a number of key projects have been established. This increased the productive capacity. There were 1,653 capital construction projects in the province which were either completed or under construction, 60 percent of the total number of projects in 1980. Two complete projects and 10 individual items of projects invested in by the state were basically established by the end of the year. Of these, 9 projects have been put into operation. The percentage of completed houses has risen from 1980's 49.5 percent to 52.3 percent. The newly increased fixed assets of capital construction was 106.7 percent of the total investment. The newly established production capacity in 1981 was: 45,000 tons of nylon 66 salt [Ni Long Liu Liu Yan 1441 7893 0362 0362 7770], 86,000 tons of polyester chips, 1 million tons of iron ore, 1.2 million tons of screened iron ore, 1.55 million tons of raw coal, 175,000 tons of crude oil, 100 million cubic meters of natural gas, 350,000 sets of tires, 200,000 bicycles, 50,000 sewing machines, 10,000 tons of beer and 52,000 spindles. The increase of production capacity will certainly play an active role in further readjusting the national economy.

## Communications and Transportation, Posts and Telecommunications

In 1981, communications and transportation fulfilled the state quotas in an all-round way. As for transportation of goods, the Shenyang and Jinzhou railroad bureaus transported 132.76 million tons of goods, fulfilling 109.7 percent of the quota. The amount of goods transported on highways (communications department) was 35.4 million tons, fulfilling 109.5 percent of the quota. The

amount of goods transported by civil aviation was 4,073 tons, fulfilling 104.4 percent of the quota. The amount of oil transported by petroleum pipeline was 40.87 million tons, fulfilling 102.2 percent of the quota. The cargo handling capacity of the central harbor was 33.34 million tons, fulfilling 108.4 percent of the quota. Since heavy industry, which accounts for 90 percent of the total volume of goods transported, has decreased, the volume of goods transported by rail, highways and water was slightly lower than in 1980.

In 1981, the total volume of posts and telecommunications business calculated according to the fixed price of 1980, was 108.95 million yuan, fulfilling 104.7 percent of the quota, an increase of 5.9 percent over 1980.

#### Commerce Within the Province and Foreign Trade

In the wake of the development of industrial and agricultural production, commerce within the province and foreign trade have achieved great development. An unprecedentedly excellent situation has emerged in the rural and urban markets, purchase and sales are brisk, the market is prosperous and commodity prices are basically stable.

In 1981, the total amount purchased by the commercial departments under the system of ownership by the whole people was 10.3 billion yuan, an increase of 15.6 percent over 1980. Of this, the total purchase of industrial products was 66.5 billion yuan, an increase of 8.4 percent over 1980. The total purchase of agricultural and sideline products was 3.47 billion yuan, an increase of 33.9 percent over 1980. Commodities purchased by commercial departments of the province amounted to 1.8 billion yuan, a drop of 4.8 percent compared to 1980.

In 1981, the turnover of the province's social commodities was 13.15 billion yuan, overfulfilling the quota by 8.3 percent, an increase of 12.12.9 percent over 1980. Deducting the price rise, there was an actual growth of 11.1 percent. Of this, the turnover of consumer goods was 10.26 billion yuan, a growth of 14.1 percent over 1980. Businesses under the system of collective ownership and individual trade have developed significantly. The turnover of collective trade and catering trade was 2.2 billion yuan, an increase of 88.2 percent over 1980; that of individual trade and catering trade was 250 million yuan, a 92.3 percent increase over 1980. The volume of goods used by the industrial department itself was 1.16 billion yuan, an increase of 26.1 percent over 1980. The turnover of negotiated price commodities of the commercial department was 700 million yuan, an increase of 16.7 percent over 1980. The volume of business in the rural and urban areas of the province was 860 million yuan, an increase of 42.8 percent over 1980. Of the 60 major commodities, 40 showed a sales volume increase over 1980 figures.

The sales volume of the major consumer goods are as following:



	1981	Percentage compared to 1980
Grain	10.1 billion jin	111.6
Edible vegetable oil	220 million jin	113.8
Pork	311,000 tons	104.4
Sugar	169,000 tons	122.5
Cotton	277.91 million meters	98.1
Cigarettes	334,000 boxes	114.8
Woolen fiber	8.188 million	158.5
Silks and Satins	27.44 million meters	112.2
Synthetic detergent	27,000 tons	135.7
Aluminum pots	990,000	108.4
Television sets	496,000	245.5
Wristwatches	1,123 million	99.1
Valve radio sets	102,000	192.5
Recorders	130,000	180.6
Bicycles	742,000	108.8
Sewing machines	378,000	117.0

In 1981, retail prices in the province's markets were basically stable. However, the price of some commodities had risen. In November 1981, since the state readjusted the commodity prices of some cigarettes and wines, the commodity price at country fair trade also rose. Therefore, the general index of retail commodity prices in December (including list price, negotiated price and market price) was up 3 percent over December 1980. The annual general index of retail commodity prices has on the average increased by 1.6 percent over 1980. Of this, prices in urban areas increased 2.1 percent and that of rural areas increased 0.9 percent. The retail price of consumer goods increased 1.7 percent and that of agricultural production means increased 1.2 percent.

In 1981, the province continued to expand foreign trade; the total purchase of export commodities was 2.78 billion yuan, overfulfilling the quota by 19.8 percent, an increase of 6.7 percent over 1980. The total exports at Dalian Harbor was 4.34 billion yuan, an increase of 9.2 percent over 1980. Of this, heavy and light industrial products had increased by 12 percent and 15.2 percent, respectively, over 1980, and agricultural products had dropped by 17.5 percent over 1980. The province conducted business with some 130 countries and regions in the world and established various channels to make good use of foreign capital and to carry out trade.

## Finance and Banking

In 1981, the financial income of the province was 7.77 billion yuan, fulfilling 94.4 percent of the quota, which is 840 million yuan less than that of 1980, a decrease of 9.7 percent. Of this, income of enterprises was 3.52 billion yuan, a decrease of 20.8 percent, or 930 million yuan over 1980. The tax revenue was 4.23 billion yuan, overfulfilling 0.3 percent of the quota an increase of 1.9 percent over 1980. The main reasons for the drop of financial income were the production quota of heavy industry was transferred to the localities and light industry increased its production without increasing its income; the production costs of enterprises increased; the costs exceeded the expenditures; and the financial subsidies increased.

The annual local financial expenditure was 2.67 billion yuan, 18.6 percent less than the quota and 21.9 percent less than in 1980. Of this, expenditure of special funds was 1.18 billion yuan, a decrease of 22.2 percent when compared with the quota, decrease of 39.4 percent over 1980. Capital construction was allocated 340 million yuan, 21.1 percent decrease when compared with the quota and a decrease of 43.1 percent over 1980. Capital allocated for the exploitation and transformation of enterprises was 320 million yuan, 33.2 percent less than the quota, a 50.9 percent drop over 1980. With the support and help of the state, the revenues and expenditures of the localities are basically balanced.

By the end of 1981, the balance of various bank loans in the province had increased by 12.4 percent over that of the beginning of the year. The balance of various kinds of deposits had increased by 19.8 percent over that of the beginning of the year. The savings balance of the inhabitants in towns and cities was 3.25 billion yuan, 790 million yuan more than at the beginning of the year, an increase of 32.1 percent. Of this, the savings balance of the inhabitants in cities was 2.26 billion yuan, 470 million yuan more than at the beginning of the year, an increase of 26.4 percent. The savings balance of the inhabitants in rural areas was 990 million yuan, 320 million yuan more than that at the beginning of the year, an increase of 47.9 percent. After balancing bank reserves, 610 million yuan were put into circulation, a drop of 60 million yuan over 1980.

## Science, Culture and Education, Public Health, Physical Culture

In 1981, scientific and technological work of the province made new developments amid readjustments. There were [words indistinct], an increase of 0.5 percent over 1980. There were 309 independent scientific and technological research institutes with 19,000 research workers. Throughout the year, more than 1,400 scientific research results were scored; some were of the advanced level according to the country's standards, and some were up to international standards.

In 1981, education continued to develop amid readjustments. Throughout the province, there were 68,000 students studying in ordinary institutions of higher learning, a 22 percent increase over 1980. Furthermore, 7,000 new students were enrolled. There were 63,000 students studying in television universities, universities run by plants, correspondence universities and evening universities,

a total increase of 2.9 percent. There were 40,000 students studying in technical secondary schools, a 14.2 percent decrease over 1980. There were 2.29 million students studying in ordinary secondary schools, a 13.6 percent decrease over 1980. There were 51,000 students studying in vocational schools in towns and cities, a 42.2 percent increase over 1980. There were 51,000 students studying in vocational schools in towns and cities, a 42.2 percent increase over 1980. There were 16,000 students studying in agricultural secondary schools, a 48.3 percent decrease over 1980. There were 4.333 million students studying in primary schools, a 2.1 percent decrease over 1980. The percentage of school-age children entering school was 96.1 percent, a 1 percent increase. Through rectifications, the teachers rank was strengthened, the quality of teaching and the political and ideological work were improved and there was a turn for the better in the style of study.

In 1981, authors and artists of the province adhered to the orientation of serving the people and socialism. They had written a number of good works and performed some good plays. Forty-seven television plays such as "the new bank" were commended as outstanding works of the province. There were a total of 350 theaters in the province, an increase of 5.1 percent over 1980. There were 139 places for various types of performances, 139 arts centers and cultural centers and 131 artistic performance groups. The development of the cultural life in rural areas was very rapid and there was a 13.5 percent increase in the number of film projection teams over 1980, opera troupes at all levels were active in performing in the rural areas and there was a 7.4 percent increase in plays over 1980. There was a 59 percent increase in the number of cultural centers in towns and rural areas. There were 11 broadcasting stations in the province, 6 TV stations, 101 relay stations, showing an overall increase over 1980. A total of 530 million copies of newspapers, 90 million copies of magazines, and 230 million books were published, showing an increase over 1980.

In 1981, through rectification, the public health departments of the province further improved their quality of medical care and the service level. There were 125,000 beds in the whole province, an increase of 4,000 beds over 1980, and an increase of 3.3 percent. Of this, 77,000 were in towns and cities and 48,000 were in rural areas, a 61.9 and 38.1 percent of the total number of beds respectively. There were 168,000 public health technologists, an increase of 13,000 people and an 8.2 percent increase over 1980. Of this, 10,000 were doctors and practitioners of traditional Chinese medicine, 49,000 were doctors and practitioners of Western medicine, and 31,000 were nurses. There were 35,000 barefoot doctors in the rural areas. Furthermore, all localities made new progress in prevention and control of endemic diseases, maternity and child care and launching patriotic public health movements.

In 1981, physical culture of the province also scored good results. Throughout the province, 2.07 million students met the "state criteria for physical training," 1,296 sports meets at or above county level were held and 480,000 sportsmen took part in these games. Two sportsmen were commended as the best sportsmen of the country; they had won two world championships, and one was a runner-up in an international competition. One of them broke a record in a world university sports meet and a record in the world cup track and field competition. They won 105 gold medals at home and abroad; 13 sportsmen and 5 teams broke 20 national records 46 times. They have won honor for the province.

## The People's Livelihood

By the end of 1981, the total population of the province was 35.348 million people, 479,000 more than the 1980 year-end population, showing an increase of 1.4 percent. The natural population growth rate was 11.33 per 1,000.

In 1981, the people's standard of living in the province's rural and urban areas continued to improve. Calculating according to the population entitled to distribution in the rural people's communes, the average per capita income from the collective (the basic accounting unit) was 125.3 yuan, 2.8 yuan over 1980, an increase of 2.3 percent. In accordance with the survey on the income of 500 peasant families in the rural people's communes, in 1980, calculating according to the population of permanent residence, the average per capita income was about 306 yuan, 33.6 yuan more than 1980, an increase of 12.3 percent. Of this, the peasants' income from collectives (including basic accounting units and enterprises run by communes and brigades) was 147.8 yuan, the same as in 1980. Net income from household sideline occupations was 109.6 yuan, an increase of 30.4 percent over 1980. In 1981, some 618,000 people were assigned employment in towns and cities of the province. There were some 8,146 million staff and workers, 519,000 more than in 1980, an increase of 6.8 percent. Of this, staff and workers employed under the system of ownership by the whole people amounted to 5,783 million people, 377,000 more than in 1980, an increase of 7 percent; the number under the collective ownership system was 2.363 million people, 142,000 more than 1980, an increase of 6.4 percent. In addition to these figures, there were 65,000 individual workers, 11,000 more than in 1980, an increase of 21.6 percent. Total salaries of the staff and workers in the province was 6.11 billion yuan, 440 million yuan more than 1980, an increase of 7.7 percent. Of this, 570 million yuan was in bonuses, 60 million yuan more than in 1980, an increase of 11.5 percent. The average annual salary of the staff and workers was 777 yuan. Since more workers were employed, the average annual salary was lower than in 1980; however, since there were more job opportunities for the staff and workers, the actual average income for the family members of the staff and workers was higher than in 1980. In accordance with the survey on income and expenditure of 960 workers' families in 6 municipalities in the province, the actual average monthly per capita income increased from 41.2 yuan in the fourth quarter of 1980 to 44.8 yuan in the fourth quarter of 1981, showing an increase of 8.7 percent.

Because people in rural and urban areas have increased their income, there were changes with regard to demand for commodities and the consumption structure. In accordance with the survey on the income and expenditure of workers' and peasants' families, in 1980, the average annual expenditure of every workers' and peasants' family had risen by 15.2 and 13.3 percent, respectively; deducting price increases, expenditures had risen by 12.8 and 12.3 percent respectively.

The largest land area for building residential houses in the rural and urban areas of the province since the founding of the PRC was put under construction in 1981. The total land area used for completed private houses, houses under the system of ownership by the whole people and by the collectives in towns and cities was 7.344 million square meters, 954,000 square meters more than 1980, an increase of 14.9 percent. Of this, the land area used for those under

the system of ownership by the whole people was 5.418 million square meters, 56,000 square meters more than 1980, an increase of 1 percent. There were 15.522 million square meters of land area used for new houses for peasants in rural areas, 552,000 square meters more than 1980, an increase of 3.7 percent.

The achievements scored in readjusting the national economy of the province in 1981 were the result of the concerted efforts and the arduous struggles of the people of all nationalities in the province under the leadership of the CCP and the people's government at all levels. However, there are some shortcomings and problems existing in actual practice. The main problems include the drop in the heavy industry production, the economic returns of some enterprises are relatively poor, and the development of the whole economy does not comply with population growth and the labor force when compared with the market and the people's needs. In the coming year, under the leadership of the CCP Central Committee and the State Council, the people of all nationalities in the province must boost their revolutionary spirit, be of one heart and one mind, further readjust the national economy so as to bring about a change for the better in the financial and economic situations and to make more contributions to the building of socialist modernization.

CSO: 4006/470

## FINANCE AND BANKING

### BRIEFS

NEI MONGGOL TAX COLLECTION--From January to April, financial departments in Nei Monggol collected 221.7 million yuan of taxes from industrial and commercial departments, fulfilling 33 percent of the annual tax collection plan and registering an increase of 44 million yuan compared to the corresponding 1981 period. Since last year, some 42.6 million yuan in evaded taxes has been exposed through investigations. Some 27.82 million yuan has been collected and handed over to the state. [SK271153 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 26 May 82]

CSO: 4006/470

## INDUSTRY

### TIANJIN CITY BOOSTS AUTOMOBILE PRODUCTION

HK250941 Tianjin City Service in Mandarin 2330 GMT 16 May 82

[Text] Being unwilling to lay behind in carryout out the state policy of protecting national industries, the Tianjin auto industrial company has gone all out and worked hard to produce good-quality type-130 vehicles of which there are many varieties. At the beginning of last year, as a result of blind import of auto vehicles, most Chinese-made vehicles became unsalable, including type-130 vehicles made in Tianjin. In order to protect our national industry, the state adopted measures to limit the import of foreign auto vehicles. While expressing their support for these measures, some comrades in Tianjin's auto industrial departments also feel relieved. They believe that without the competition of imported vehicles, our national products will certainly become salable again. However, this company's CCP Committee holds that the policy of protecting national industries is aimed at promoting our own auto industry rather than protecting its backward situation. To counter the mood of laxity of some comrades, the committee requires that everyone make an earnest study of the advanced technology of other countries so that the ability to rely on our own efforts can be strengthened and the discrepancy between our auto industry and that of the advanced countries can be eliminated as soon as possible. It is necessary to mobilize the masses to find out the shortcomings of our products in quality and in variety and adopt active measures to improve production. In order to raise the quality of its products, the company has made more than 10 improvements on some unreasonable vehicle designs, improved technological equipment, reestablished rules and regulations and strengthened discipline over technological management. As a result, the quality of all the eight major component parts has been raised to the first-class level, of which five were originally of the standard level and three were of the first-class level. Through a 25,000-kilometer performance test on Hainan Island, all vehicles produced last year were proved to be superior- or first-class products being up to the state standard in the required eight targets. The company also succeeded in reducing engine oil consumption by 10 percent and developing new products to suit the demands of the market. When it learned that foreign-made four-seater trucks were in great demand in our domestic market, it spent 2 months after successful experimentation making more than 500 sets of technical equipment. It immediately put them into production so that the gaps in our national industry in this field could be filled. Besides, it also succeeded in trial-production of extra-length trucks and diesel trucks for agricultural use as well as other new products. Now there are eight types of Tianjin-made auto



vehicles, instead of only one as in the past. These products have a ready market and have even fallen short of demand. In the past, it only sold it's products to 12 provinces and cities, but now it sells them to 28. The industrial output value in the first quarter of this year was increased by 15 percent over the corresponding period of last year and the profits turned over increased by 230 percent.

CSO: 4006/470

## INDUSTRY

### BRIEFS

METALLURGICAL INDUSTRY INFORMATION NETWORK--Beijing, 24 May (XINHUA)--An economic information network, the first of its kind in the country, has been set up by the People's Bank of China, linking the major metallurgical enterprises. These enterprises, including the iron and steel companies in Anshan, Beijing, Benxi, Wuhan, Baotou, Taiyuan, Ma'Anshan, Chongqing, Panzhihua, Tangshan and Fushun, and the steel mills in Beijing, Tianjin and Shanghai, together turn out about 80 percent of the steel of the country annually. The network will conduct industry surveys, make product forecasts and provide promotional information beneficial to the metallurgical industry. The first meeting of the network, held recently in Shanghai, decided to conduct forecasts on steel strips, sheets, wire and plates, and investigate present rolled steel inventory. [Text] [Beijing XINHUA in English 1230 GMT 24 May 82]

CIGARETTE PRODUCTION STATE CONTROL--Beijing, 21 May (XINHUA)--China has decided to put cigarette production under centralized and unified management, according to a recent State Council circular. The circular says that local governments must rigorously implement the state plan for production and distribution of cigarettes. Inefficient small cigarette factories which were set up outside the state plan--mostly in tobacco growing areas--will be closed down, suspended, merged or switched to other items. Hand rolling cigarettes for sale by urban and rural residents are also forbidden. China has 84 cigarette factories under the state plan with an annual capacity of 17 million cases of cigarettes, enough to fill the quota assigned by the state. Under the new plan, equipment and raw materials from the smaller cigarette operations will be sold to factories sanctioned by the Unitary State Tobacco Authority. This measure is designed to increase efficiency of the tobacco industry and to improve the quality of cigarettes as well as market supply. [Beijing XINHUA in English 1246 GMT 21 May 82]

FIRST TOOTH-WHEEL DRILL RIG--Recently, a tooth-wheel drill rig nearly as tall as a nine-story building has been towering over a construction site at the Hengyang Metallurgical Machinery Plant. The plant has designed and trial-produced the drill rig in cooperation with the Changsha Mining Research Institute and the Anshan Mining Company's Mining Research Institute. The tooth-wheel drill rig is a piece of equipment used to drill blasting holes in opencast mining. Currently, only a small number of industrially developed countries in the world are able to manufacture it. The department concerned has already conducted an appraisal of the trial run. It believes the equipment is well-structured and that its main performance is up to the level of drill rigs produced abroad. [Text] [Beijing GONG REN RIBAO in Chinese 21 Apr 82 p 1]

## FOREIGN TRADE

### BRIEFS

FOREIGN CONTRACTS--China has earned \$330 million in foreign exchange since 1979 from enterprises which process or assemble imported raw materials. The Shanghai-based WORLD ECONOMIC HERALD [SHIJIE JINJI DAOPAO] says that the enterprises signed 8,900 contracts with foreign countries last year, an increase of 25 per cent over the previous year. At present, 8,000 factories in China have contracts with foreign businessmen on processing and assembling imported materials and more than 300,000 people have been employed in the factories. China began its business on processing and assembling with foreign countries in late 1978. The enterprises have already paid back \$39 million for equipment--25 percent of the total value of the imported equipment. The WORLD ECONOMIC HERALD reported that measures have been taken to deal with foreign businessmen who fail to execute their contracts, are in arrears of payment, delay supplies of material or engage in smuggling. [Text] [HK270346 Beijing CHINA DAILY in English 27 May 82 p 1]

CSO: 4020/135

## LABOR AND WAGES

### BRIEFS

URBAN SELF-EMPLOYED WORKERS--Beijing, 27 May (XINHUA)--Efforts should be made to increase the number of urban self-employed people working in handicrafts, repair, service and catering trades to meet people's needs, said an official of the general administration for industry and commerce. Since 1979, he said, the number of urban self-employed people has risen markedly. At the end of 1981, China's urban areas had 830,000 households with 1.01 million self-employed people engaged in handicrafts, retail, catering and service trades, housing repairs and transportation. Of this number, more than 200,000 were urban young people. The figure of 830,000 households is 6.2 times that of 1978, the official said. "The official urged local authorities to protect and assist self-employed people, while strengthening administration over their business." [Beijing XINHUA in English 0806 GMT 27 May 82 OW]

CSO: 4020/136

## TRANSPORTATION

### EXPORT BULK CARRIERS OF 27,000 DWT MEET WORLD WATERWAY REQUIREMENTS

Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese, No 4, Apr 82, pp 12-13

[Article by Hou Yudang: "Why Foreign Firms Are Ordering 27,000 DWT Bulk Carriers One After Another"]

[Summary] On 14 September 1981, the Dalian Yards launched their first 27,000 DWT bulk carrier, the "Great Wall." This vessel, built for export, is one of eight such ships to be built in these yards. Shanghai's Jiangnan Yards have begun construction of these ships and will build five in all. Today, foreign firms are placing orders for these Chinese-built 27,000 DWT bulk carriers one after another. Why aren't the orders for ships of 25,000 or 30,000 tons? Why are all the orders for vessels of 27,000 DWT?

When foreign firms place orders for 27,000 DWT vessels, it means that they will be able to negotiate the Great Lakes, in fact, some people even refer to them as "Great Lakes carriers." Coming from the Atlantic Ocean, the ships must pass through many locks on their way to Lake Superior, rising about 180 meters above sea level in the process. The size of the locks forces restrictions on the size of the vessels. The U.S. and Canadian ship locks are the same size, with a length of 233.48 meters and a width of 24.48 meters. The size of the vessels that can negotiate the locks as stipulated by the Saint Lawrence Seaway Development Company and the size of the two 27,000 DWT ships built in China are given in the table below:

Size	As stipulated by the St. Lawrence Seaway Development Company	"Great Wall"	First ship built by Jiangnan Shipyards
Length (m)	222.50	197.15	196.45
Beam (m)	23	23	23

The table shows that the overall length and beam of the two vessels built in China for foreign firms make them the largest that can negotiate the locks on the Saint Lawrence Seaway. These ships have a designed draft of 10 meters. As the section of the Seaway from the Atlantic Ocean to Montreal has a navigable depth of 10.67 meters, these ships may proceed fully loaded.

However, when passing through the locks, which have a draft restriction of 8.23 meters, the vessels may be loaded to 17,000 to 18,000 tons only. In addition, the Seaway has a number of bridges and the Company has imposed a restriction on the height of ships' masts.

Of course, bulk carriers of this class do not operate exclusively on the Saint Lawrence Seaway and the Great Lakes; they have many other ports of call. The ships which draw 10 meters of water can easily negotiate the Suez Canal because the Egyptians have established a draft of 11 meters for that waterway. So the length and beam of these vessels ordered by foreign firms easily meet the requirements of the Saint Lawrence Seaway, while their designed draft satisfies the requirements of the Suez Canal as well as many shallow water ports.

Twenty-seven thousand tons, then, is the ideal size for these bulk carriers.

CSO: 4006/471

## TRANSPORTATION

### BRIEFS

GANSU IMPROVES RAILWAY TRANSPORT ORDER--According to our sources, over a period of 1 month, the railway transport consolidation between Tianshui and Lanzhou railway stations in Gansu Province has basically been completed, and the transport order and security along the section have been markedly improved. Prior to the consolidation drive, the transport order along the section was relatively chaotic. During that period, there were the usual irregularities such as rides without tickets, illegal rides in cargo trains and trafficking in contraband goods. For over a month, departments concerned under the people's governments at all levels along the railway line have engaged in consolidating work in a comprehensive way by organizing work groups and making concerted efforts, bringing about an obvious improvement in transport order and security along the section. According to statistics, irregularities against transport rules and public security in the first half of May were 22 percent less than those of the corresponding April period, and traffic accidents resulting in injuries were 40 percent less. For instance, prior to the drive, passengers without a ticket on the No 443 and 444 ordinary trains accounted for over 70 percent. The sanitation and order in coaches were worse. Following the consolidation, passengers without tickets accounted for only about 10 percent. A new look in coach sanitation and order can be noticed. Order in railway stations and transport is good. The department concerned noted that we had scored remarkable achievements in consolidating the transport order between Tianshui and Lanzhou stations. However, there is a great deal of work to be done. By no means should we relax our efforts. [Text] [SK300615 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 29 May 82]

CSO: 4006/470



## GENERAL

### BRIEFS

XINJIANG ECONOMIC SITUATION--Since the beginning of this year, Xinjiang region has made great efforts to grasp economic construction. Despite natural calamities, agricultural production and animal husbandry production have increased. As of 3 May, 16.39 million mu of land has been harvested. As of 22 April, the forested area in the region has increased by some 11.3 percent over that of the corresponding period last year. As of the end of April, the region's total industrial output was increased by 8.8 percent over last year. This year's industrial production has two characteristics: First, readjusting the orientation of service of heavy industry; second, improving the economic returns. As of 19 May, income from sale of industrial products was increased by 15.9 percent over the corresponding period last year and the profits gained were increased by 35.4 percent over last year. Capital construction was also promoted, as of the end of April, the amount of investment completed was increased by 15.4 percent over that of the corresponding period last year. As of the end of April, the region's total financial revenue was increased by 16.6 percent over last year. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 May 82 HK]

TIANJIN WATER SHORTAGE--The Tianjin Municipal People's Government held a meeting on water conservation on 26 May. Li Ruihuan, acting mayor of Tianjin, presided over the meeting. It was pointed out at the meeting that because of increasingly dry and hot weather, water in reservoirs and rivers becomes saltier every day, and the potable water supply poses a problem. The meeting urged measures to conserve water and tide over this water shortage period. [SK271159 Tianjin City Service in Mandarin 0030 GMT 27 May 82]

TIANJIN LUANHE DIVERTING PROJECT--The report meeting on implementing the opening ceremony spirit, which was held by the Tianjin Municipal headquarters in charge of the project of diverting Luanhe River water to Tianjin, concluded 26 May after a 4-day session. Comrade Li Ruihuan, secretary of the Tianjin Municipal CCP Committee and acting mayor, spoke at the meeting. He urged efforts to strengthen ideological and political work, persist in scientific measures, conduct a thorough emulation drive, improve leadership and work in unity and coordination. The meeting also studied and made preparations for the project during the flood season. [SK290625 Tianjin City Service in Mandarin 0030 GMT 28 May 82]

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